

Internal Revenue Service, Treasury

§ 1.1402(e)–2A

must include his distributive share of the income or loss, described in section 702(a)(9), of such partnership in computing his net earnings from self-employment, irrespective of whether such partner is engaged in the practice of one or more of such professions and contributes his professional services to the partnership.

[T.D. 6691, 28 FR 12796, Dec. 3, 1963, as amended by T.D. 6978, 33 FR 15938, Oct. 30, 1968]

§ 1.1402(c)–7 Members of religious groups opposed to insurance.

The performance of service by an individual:

(a) Who is a member of a recognized religious sect or division thereof, and

(b) Who is an adherent of established tenets or teachings of such sect or division by reason of which he is conscientiously opposed to acceptance of the benefits of any private or public insurance which makes payments in the event of death, disability, old age, or retirement or makes payments toward the cost of, or provides services for, medical care (including the benefits of any insurance system established by the Social Security Act),

during any taxable year for which he is granted a tax exemption, pursuant to section 1402(h), does not constitute a trade or business within the meaning of section 1402(c) and § 1.1402(c)–1. See also §§ 1.1402(h) and 1.1402(h)–1.

[T.D. 6993, 34 FR 830, Jan. 18, 1969]

§ 1.1402(d)–1 Employee and wages.

For the purpose of the tax on self-employment income, the term “employee” and the term “wages” shall have the same meaning as when used in the Federal Insurance Contributions Act. For an explanation of these terms, see Subpart B of Part 31 of this chapter (Employment Tax Regulations).

§ 1.1402(e)–1A Application of regulations under section 1402(e).

The regulations in §§ 1.1402(e)–2A through 1.1402(e)–4A relate to section 1402(e) as amended by section 115(b)(2) of the Social Security Amendments of 1967 (81 Stat. 839) and apply to taxable years ending after 1967. Section 1.1402(e)–5A reflects changes made by section 1704(a) of the Tax Reform Act

of 1986 (100 Stat. 2085, 2779) and applies to applications for exemption under section 1402(e) filed after December 31, 1986. For regulations under section 1402(e) (as in effect prior to amendment by the Social Security Amendments of 1967) applicable to taxable years ending before 1968, see §§ 1.1402(e)(1)–1 through 1.1402(e)(6)–1.

[T.D. 8221, 53 FR 33461, Aug. 31, 1988]

§ 1.1402(e)–2A Ministers, members of religious orders and Christian Science practitioners; application for exemption from self-employment tax.

(a) *In general.* (1) Subject to the limitations set forth in subparagraphs (2) and (3) of this paragraph, any individual who is (i) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) or (ii) a Christian Science practitioner may request an exemption from the tax on self-employment income (see section 1401 and § 1.1401–1) with respect to services performed by him in his capacity as a minister or member, or as a Christian Science practitioner, as the case may be. Such a request shall be made by filing an application for exemption on Form 4361 in the manner provided in paragraph (b) of this section and within the time specified in § 1.1402(e)–3A. For provisions relating to the taxable year or years for which an exemption from the tax on self-employment income with respect to service performed by a minister or member or a Christian Science practitioner in his capacity as such is effective, see § 1.1402(e)–4A. For additional provisions applicable to services performed by individuals referred to in this subparagraph, see paragraph (e) of § 1.1402(c)–3 and § 1.1402(c)–5 relating to ministers and members of religious orders, and paragraphs (a)(3)(ii) and (b) of § 1.1402(c)–6 relating to Christian Science practitioners.

(2) The application for exemption shall contain, or there shall be filed with such application, a statement to the effect that the individual making

application for exemption is conscientiously opposed to, or because of religious principles is opposed to, the acceptance (with respect to services performed by him in his capacity as a minister, member, or Christian Science practitioner) of any public insurance which makes payments in the event of death, disability, old age, or retirement or makes payments toward the cost of, or provides services for, medical care (including the benefits of any insurance system established by the Social Security Act). Thus, ministers, members of religious orders, and Christian Science practitioners requesting exemption from social security coverage must meet either of two alternative tests: (1) A religious principles test which refers to the institutional principles and discipline of the particular religious denomination to which he belongs, or (2) a conscientious opposition test which refers to the opposition because of religious considerations of individual ministers, members of religious orders, and Christian Science practitioners (rather than opposition based upon the general conscience of any such individual or individuals). The term “public insurance”, as used in section 1402(e) and this paragraph, refers to governmental, as distinguished from private, insurance and does not include insurance carried with a commercial insurance carrier. To be eligible to file an application for exemption on Form 4361, a minister, member, or Christian Science practitioners need not be opposed to the acceptance of all public insurance making payments of this specified type; he must, however, be opposed on religious grounds to the acceptance of any such payment which, in whole or in part, is based on, or measured by earnings from, services performed by in his capacity as a minister or member (see § 1.1402(c)-5) or in his capacity as a Christian Science practitioner (see paragraph (b)(2) of § 1.1402(c)-6). For example, a minister performing service in the exercise of his ministry may be eligible to file an application for exemption on Form 4361 even though he is not opposed to the acceptance of benefits under the Social Security Act with respect to service performed by him

which is not in the exercise of his ministry.

(3) An exemption from the tax imposed on self-employment income with respect to service performed by a minister, member, or Christian Science practitioner in his capacity as such may not be granted to a minister, member, or practitioner who (in accordance with the provisions of section 1402(e) as in effect prior to amendment by section 115(b)(2) of the Social Security Amendments of 1967 (81 Stat. 839)) filed a valid waiver certificate on Form 2031 electing to have the Federal old-age, survivors, and disability insurance system establish by title II of the Social Security Act extended to service performed by him in the exercise of his ministry or in the exercise of duties required by the order of which he is a member, or in the exercise of his profession as a Christian Science practitioner. For provisions relating to waiver certificates on Form 2031, see §§ 1.1402(e)(1)-1 through 1.1402(e)(6)-1.

(b) *Application for exemption.* An application for exemption on Form 4361 shall be filed in triplicate with the internal revenue officer or the internal revenue office, as the case may be, designated in the instructions relating to the application for exemption. The application for exemption must be filed within the time prescribed in § 1.1402(e)-3A. If the last original Federal income tax return of an individual to whom paragraph (a) of this section applies which was filed before the expiration of such time limitation for filing an application for exemption shows no liability for tax on self-employment income, such return will be treated as an application for exemption, provided that before February 28, 1975 such individual also files a properly executed Form 4361.

(c) *Approval of application for exemption.* The filing of an application for exemption on Form 4361 by a minister, a member of a religious order, or a Christian Science practitioner does not constitute an exemption from the tax on self-employment income with respect to services performed by him in his capacity as a minister, member, or practitioner. The exemption is granted only if the application is approved by an appropriate internal revenue officer. See

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§ 1.1402(e)-4A relating to the period for which an exemption is effective.

[T.D. 7333, 39 FR 44448, Dec. 24, 1974; 39 FR 45216, Dec. 31, 1974]

§ 1.1402(e)-3A Time limitation for filing application for exemption.

(a) *General rule.* (1) Any individual referred to in paragraph (a) of § 1.1402(e)-2A who desires an exemption from the tax on self-employment income with respect to service performed by him in his capacity as a minister or member of a religious order or as a Christian Science practitioner must file the application for exemption (Form 4361) prescribed by § 1.1402(e)-2A on or before whichever of the following dates is later:

(i) The due date of the income tax return (see section 6072), including any extension thereof (see section 6081), for his second taxable year ending after 1967, or

(ii) The due date of the income tax return, including any extension thereof, for his second taxable year beginning after 1953 for which he has net earnings from self-employment of \$400 or more, any part of which:

(a) In the case of a duly ordained, commissioned, or licensed minister of a church, consists of remuneration for service performed in the exercise of his ministry,

(b) In the case of a member of a religious order who has not taken a vow of poverty as a member of such order, consists of remuneration for service performed in the exercise of duties required by such order, or

(c) In the case of a Christian Science practitioner, consists of remuneration for service performed in the exercise of his profession as a Christian Science practitioner.

See paragraph (c) of this section for provisions relating to the computation of net earnings from self-employment.

(2) If a minister, a member of a religious order, or a Christian Science practitioner derives gross income in a taxable year both from service performed in such capacity and from the conduct of another trade or business, and the deductions allowed by Chapter 1 of the Internal Revenue Code which are attributable to the gross income

derived from service performed in such capacity equal or exceed the gross income derived from service performed in such capacity, no part of the net earnings from self-employment (computed as prescribed in paragraph (c) of this section) for the taxable year shall be considered as derived from service performed in such capacity.

(3) The application of the rules set forth in subparagraphs (1) and (2) of this paragraph may be illustrated by the following examples:

Example (1). M, who makes his income tax returns on a calendar year basis, was ordained as a minister in January 1960. During each of two or more taxable years ending before 1968 M has net earnings from self-employment in excess of \$400 some part of which is from service performed in the exercise of his ministry. M has not filed an effective waiver certificate on Form 2031 (see paragraph (a)(3) of § 1.1402(e)-2A). If M desires an exemption from the tax on self-employment income with respect to service performed in the exercise of his ministry, he must file an application for exemption on or before the due date of his income tax return for 1969 (his second taxable year ending after 1967), or any extension thereof.

Example (2). M, who makes his income tax returns on a calendar year basis, was ordained as a minister in January 1966. M has net earnings of \$350 for the taxable year 1966 and has net earnings in excess of \$400 for each of his taxable years 1967 and 1968 (some part or all of which is derived from service performed in the exercise of his ministry). M has not filed an effective waiver certificate on Form 2031 (see paragraph (a)(3) of § 1.1402(e)-2A). If M desires an exemption from the tax on self-employment income with respect to service performed in the exercise of his ministry, he must file an application for exemption on or before the due date of his income tax return for 1969 (his second taxable year ending after 1967), or any extension thereof.

Example (3). Assume the same facts as in example (2) except that M has net earnings in excess of \$400 for each of his taxable years 1967 and 1969 (but less than \$400 in 1968). The application for exemption must be filed on or before the due date of his income tax return for 1969, or any extension thereof.

Example (4). M was ordained as a minister in May 1973. During each of the taxable years 1973 and 1975, M, who makes his income tax returns on a calendar year basis, derives net earnings in excess of \$400 from his activities as a minister. M has net earnings of \$350 for the taxable year 1974, \$200 of which is derived