

**OTHER INCOME REQUIRED TO BE  
REPORTED ON SCHEDULE C**

4/18/2012

Some other incomes that are subject to social security and Medicare taxes include:

- Business income
- Bonuses
- Compensation for personal services
- Employee awards\*
- Employee bonuses
- Employee commissions
- “In kind” payment
- Severance pay
- Self employment
- Non-employee compensation
- Tips and gratuities if not reported on W-2 and Form 4137

**All this income must be reported on Schedule C.**

Example 1

A travel company offers you and your spouse a free trip to Australia if you sign up 20 or more couples to go on the trip which costs \$15,000 per couple. You must report \$15,000 as income on Schedule C.

References:

- Pub 15, Circular E, Employer’s Tax Guide
- Pub 15-A, Employer’s Supplemental Tax Guide

Paraphrased from the references:

Income subject to federal employment taxes generally include all income for services performed. The income may be in cash or in other forms. It includes salaries, vacation allowances, bonuses, commissions and fringe benefits. Compensation paid to a former employee for services performed while still employed is wages subject to employment taxes.

\* Tangible personal property (plaques, liquor, watches, etc.) for achievement awards are excluded (not cash, gift certificates, or securities) given to an employee for length of service or safety achievement awarded as part of a meaningful presentation.