

this section and section 411(c)(1), (2)(E) of Title 42, The Public Health and Welfare, to make an irrevocable election not to have such amendments apply to fees received in 1968 and every year thereafter if he filed, on or before the due date of his income tax return for 1968, with the Secretary of the Treasury, a certificate of election of exemption from such amendments.

**TIME FOR CLAIM FOR REFUND OR CREDIT OF OVERPAYMENT; DISALLOWANCE OF INTEREST**

Pub. L. 90-248, title V, §501(c), Jan. 2, 1968, 81 Stat. 933, authorized the payment of a refund or credit of any overpayment resulting from the amendment of subsec. (h)(2), relating to the filing of applications under this section, by section 501(a) of Pub. L. 90-248 if the claim therefore was filed on or before Dec. 31, 1968.

**REFUND OR CREDIT ON CLAIMS FOR OVERPAYMENT FILED BEFORE APRIL 15, 1966, BY MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE**

Pub. L. 89-97, title III, §319(f), July 30, 1965, 79 Stat. 392, authorized the payment of a refund or credit of any overpayment resulting from the amendments made to sections 402, 411, and 1402 of this title by Pub. L. 89-97, if the claim therefore is filed on or before Apr. 15, 1966.

**COMPUTATION OF INTEREST OR ASSESSMENT OF PENALTIES ON SELF-EMPLOYMENT TAXES PAYABLE BY MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS**

Pub. L. 89-97, title III, §331(b), July 30, 1965, 79 Stat. 402, established, for purposes of computing interest, Apr. 15, 1967, as the due date for the payment, under section 1401 of this title, of taxes due for any taxable year ending before Jan. 1, 1966 solely by reason of the filing of a certificate or supplementary certificate under subsec. (e)(5) of this section, which was struck out by section 115(b)(2) of Pub. L. 90-248.

Pub. L. 86-778, title I, §101(d), Sept. 13, 1960, 74 Stat. 927, established, for purposes of computing interest, Apr. 15, 1962, as the due date for the payment, under section 1401 of this title, of taxes due for any taxable year ending before 1959 solely by reason of the filing of a certificate or supplementary certificate under subsec. (e)(3)(B) or (5) of this section.

Pub. L. 85-239, §1(c), Aug. 30, 1957, 71 Stat. 521, established the due date, for purposes of computing interest, for the payment of taxes, where a certificate had been filed under subsec. (e)(3)(A) or (B) of this section after the due date of a return for any taxable year.

**REMUNERATION DEEMED NET EARNINGS FROM SELF-EMPLOYMENT AND NOT REMUNERATION FOR EMPLOYMENT**

Pub. L. 86-778, title I, §105(c)(2), Sept. 13, 1960, 74 Stat. 945, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "Remuneration which is deemed under section 1402(g) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] to constitute net earnings from self-employment and not remuneration for employment shall also be deemed, for purposes of title II of the Social Security Act [section 401 et seq. of Title 42, The Public Health and Welfare], to constitute net earnings from self-employment and not remuneration for employment. If, pursuant to the last sentence of section 1402(g) of the Internal Revenue Code of 1986, an individual is deemed to have become an employee of an organization (or to have become a member of a group) on the first day of a calendar quarter, such individual shall likewise be deemed, for purposes of clause (ii) or (iii) of section 210(a)(8)(B) of the Social Security Act [section 410(a)(18)(B)(ii), (iii) of Title 42], to have become an employee of such organization (or to have become a member of such group) on such day."

**REMUNERATION PAID TO MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS IN 1955 AND 1956 DEEMED REMUNERATION FOR EMPLOYMENT FOR PURPOSES OF SOCIAL SECURITY BENEFITS**

Pub. L. 85-239, §3, Aug. 30, 1957, 71 Stat. 522, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, pro-

vided that: "Remuneration which is deemed under section 1402(e)(4) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] to constitute remuneration for employment shall also be deemed, notwithstanding sections 210(a)(8)(A) and 211(c) of the Social Security Act [sections 410(a)(8)(A) and 411(c) of Title 42, The Public Health and Welfare], to constitute remuneration for employment (and not net earnings from self-employment) for purposes of title II of such Act [section 401 et seq. of Title 42]." See section 4 of Pub. L. 85-239, set out as an Effective Date of 1957 Amendment note above.

**MONTHLY BENEFITS AND LUMP-SUM DEATH PAYMENTS UNDER SOCIAL SECURITY ACT**

Pub. L. 86-778, title I, §105(d)(2), Sept. 13, 1960, 74 Stat. 945, set out as an Effective Date of 1960 Amendment note under section 3121 of this title, provided that no monthly benefits under title II of the Social Security Act [section 401 et seq. of Title 42, The Public Health and Welfare], for September 1960 or any prior month shall be payable or increased by reason of the provisions of subsections (b) and (c) of section 105 or the amendments made by such subsections [adding subsec. (g) to this section and enacting notes under this section and section 3121 of this title], and no lump-sum death payment under title II of the Social Security Act shall be payable or increased by reason of such provisions or amendments in the case of any individual who died prior to Sept. 13, 1960.

**§ 1403. Miscellaneous provisions**

**(a) Title of chapter**

This chapter may be cited as the "Self-Employment Contributions Act of 1954".

**(b) Cross references**

**(1) For provisions relating to returns, see section 6017.**

**(2) For provisions relating to collection of taxes in Virgin Islands, Guam, American Samoa, and Puerto Rico, see section 7651.**

(Aug. 16, 1954, ch. 736, 68A Stat. 355; Pub. L. 86-778, title I, §103(m), Sept. 13, 1960, 74 Stat. 938; Pub. L. 89-368, title I, §102(b)(6), Mar. 15, 1966, 80 Stat. 64; Pub. L. 98-369, div. A, title IV, §412(b)(2), July 18, 1984, 98 Stat. 792.)

**AMENDMENTS**

1984—Subsec. (b)(3). Pub. L. 98-369 struck out par. (3) referring to section 6015 for provisions relating to declarations of estimated tax on self-employment income.

1966—Subsec. (b)(3). Pub. L. 89-368 added par. (3).

1960—Subsec. (b)(2). Pub. L. 86-778 included Guam and American Samoa.

**EFFECTIVE DATE OF 1984 AMENDMENT**

Amendment by Pub. L. 98-369 applicable with respect to taxable years beginning after Dec. 31, 1984, see section 414(a)(1) of Pub. L. 98-369, set out as a note under section 6654 of this title.

**EFFECTIVE DATE OF 1966 AMENDMENT**

Amendment by Pub. L. 89-368 applicable with respect to taxable years beginning after December 31, 1966, see section 102(d) of Pub. L. 89-368, set out as a note under section 6654 of this title.

**CHAPTER 2A—UNEARNED INCOME  
MEDICARE CONTRIBUTION**

Sec.  
1411. Imposition of tax.

**§ 1411. Imposition of tax**

**(a) In general**

Except as provided in subsection (e)—

**(1) Application to individuals**

In the case of an individual, there is hereby imposed (in addition to any other tax imposed by this subtitle) for each taxable year a tax equal to 3.8 percent of the lesser of—

- (A) net investment income for such taxable year, or
- (B) the excess (if any) of—
  - (i) the modified adjusted gross income for such taxable year, over
  - (ii) the threshold amount.

**(2) Application to estates and trusts**

In the case of an estate or trust, there is hereby imposed (in addition to any other tax imposed by this subtitle) for each taxable year a tax of 3.8 percent of the lesser of—

- (A) the undistributed net investment income for such taxable year, or
- (B) the excess (if any) of—
  - (i) the adjusted gross income (as defined in section 67(e)) for such taxable year, over
  - (ii) the dollar amount at which the highest tax bracket in section 1(e) begins for such taxable year.

**(b) Threshold amount**

For purposes of this chapter, the term “threshold amount” means—

- (1) in the case of a taxpayer making a joint return under section 6013 or a surviving spouse (as defined in section 2(a)), \$250,000,
- (2) in the case of a married taxpayer (as defined in section 7703) filing a separate return, ½ of the dollar amount determined under paragraph (1), and
- (3) in any other case, \$200,000.

**(c) Net investment income**

For purposes of this chapter—

**(1) In general**

The term “net investment income” means the excess (if any) of—

- (A) the sum of—
  - (i) gross income from interest, dividends, annuities, royalties, and rents, other than such income which is derived in the ordinary course of a trade or business not described in paragraph (2),
  - (ii) other gross income derived from a trade or business described in paragraph (2), and
  - (iii) net gain (to the extent taken into account in computing taxable income) attributable to the disposition of property other than property held in a trade or business not described in paragraph (2), over

(B) the deductions allowed by this subtitle which are properly allocable to such gross income or net gain.

**(2) Trades and businesses to which tax applies**

A trade or business is described in this paragraph if such trade or business is—

- (A) a passive activity (within the meaning of section 469) with respect to the taxpayer, or
- (B) a trade or business of trading in financial instruments or commodities (as defined in section 475(e)(2)).

**(3) Income on investment of working capital subject to tax**

A rule similar to the rule of section 469(e)(1)(B) shall apply for purposes of this subsection.

**(4) Exception for certain active interests in partnerships and S corporations**

In the case of a disposition of an interest in a partnership or S corporation—

(A) gain from such disposition shall be taken into account under clause (iii) of paragraph (1)(A) only to the extent of the net gain which would be so taken into account by the transferor if all property of the partnership or S corporation were sold for fair market value immediately before the disposition of such interest, and

(B) a rule similar to the rule of subparagraph (A) shall apply to a loss from such disposition.

**(5) Exception for distributions from qualified plans**

The term “net investment income” shall not include any distribution from a plan or arrangement described in section 401(a), 403(a), 403(b), 408, 408A, or 457(b).

**(6) Special rule**

Net investment income shall not include any item taken into account in determining self-employment income for such taxable year on which a tax is imposed by section 1401(b).

**(d) Modified adjusted gross income**

For purposes of this chapter, the term “modified adjusted gross income” means adjusted gross income increased by the excess of—

- (1) the amount excluded from gross income under section 911(a)(1), over
- (2) the amount of any deductions (taken into account in computing adjusted gross income) or exclusions disallowed under section 911(d)(6) with respect to the amounts described in paragraph (1).

**(e) Nonapplication of section**

This section shall not apply to—

- (1) a nonresident alien, or
- (2) a trust all of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B).

(Added Pub. L. 111-152, title I, §1402(a)(1), Mar. 30, 2010, 124 Stat. 1061.)

EFFECTIVE DATE

Pub. L. 111-152, title I, §1402(a)(4), Mar. 30, 2010, 124 Stat. 1063, provided that: “The amendments made by this subsection [enacting this chapter and amending section 6654 of this title] shall apply to taxable years beginning after December 31, 2012.”

**CHAPTER 3—WITHHOLDING OF TAX ON NONRESIDENT ALIENS AND FOREIGN CORPORATIONS**

Subchapter	Sec. <sup>1</sup>
A. Nonresident aliens and foreign corporations .....	1441
B. Application of withholding provisions ..	1461

<sup>1</sup> Section numbers editorially supplied.