

Check one:  **TriMet District (TM)**  **Lane Transit District (LTD)**

Filer Name—Individual or Partnership

SSN or FEIN

**NOTE: Do not use this worksheet if ALL of your business activities are in the transit district.**

**Schedule AP-1**

**APPORTIONMENT FACTORS**

**1. Property Factor**

Value of real and tangible personal property used in the business

1a. Owned property (at original cost; see instructions).....

1b. Rented property (capitalize at 8 times the rental paid) ...

1c. **Total** owned and rented property (1a + 1b).....

**2. Payroll Factor**

Wages, salaries, commissions, and other employee compensation

**3. Sales Factor**

Sales and other business gross receipts

**4. Apportionment percent** (use Schedule AP-2, Method 1 or Method 2, below; see instructions)

Fill in here and on line 2 on the front of Form TM or Form LTD.....

	(A) Total within the district	(B) Total in and out of the district	(C) Percent within district [(A) ÷ (B)] × 100 (not less than zero)
1a.	1a.	1a.	
1b.	1b.	1b.	
1c.	1c.	1c.	1c. %
2.	2.	2.	2. %

3.	3.	3.	3. %
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4. _____ %
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**Schedule AP-2 for Computation of Apportionment Percent**

Effective for tax years beginning on or after July 1, 2005, you must use the *sales factor only* (Method 1) to apportion your net income.

**METHOD 1—Sales Factor Only**

**Apportionment percentage calculation:**  
[(column A ÷ column B) X 100]

- Start on line 3 of Schedule AP-1 above.
- In column 3A, enter all sales within the transit district. In column 3B, enter all sales everywhere.
- In column 3C, compute the percentage of sales within the district by dividing the amount in column A by column B, and multiply by 100%.
- Apportionment percent.** Enter the amount from line 3, column C, on line 4 above. Compute the percent to four decimal places (for example, 12.34558% should be 12.3456%).

**METHOD 2—Three Factor Formula**

**Apportionment percentage calculation:**  
**(10% property + 10% payroll + 80% sales)**

- Multiply the property factor percentage from line 1c, column C, by 0.10. \_\_\_\_\_
- Multiply the payroll factor percentage from line 2, column C, by 0.10. \_\_\_\_\_
- Multiply the sales factor percentage from line 3, column C, by 0.80. \_\_\_\_\_
- Apportionment percent.** Add lines 1, 2, and 3. Compute percent to four decimal places (for example, 12.34558% should be 12.3456%). Enter on line 4 above.

**Attach your completed Form TSE-AP to your transit return when filed.**

# TRANSIT SELF-EMPLOYMENT TAX APPORTIONMENT WORKSHEET INSTRUCTIONS

## Apportionment (ORS 314.280, 314.650 to 314.675)

If some of your business activity is carried on both in and out of the transit district, you may allocate and apportion your net earnings. Use the apportionment worksheet, Form TSE-AP, to compute your percentage, which is entered onto line 2 of your Transit Self-Employment tax return. You must complete the worksheet and attach it to your Transit Self-Employment tax return when you file.

Complete Form TSE-AP, Schedules AP-1 and AP-2, to determine the apportionment percent.

You may use one of two methods to figure your apportionment percentage if your tax year begins before July 1, 2005. Generally, that includes most taxpayers.

The Oregon Legislature passed a law changing the way Oregon apportions business income. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

- **Method 1: Sales factor only.** Using the sales factor only, skip lines 1 and 2 of the worksheet. Complete line 3 to compute the sales percentage, and enter on line 2 of your transit return.
- **Method 2: Three factor formula** (property, payroll, and sales). Use the entire three-factor formula to determine the apportionment percentage.

Effective for tax years starting on or after July 1, 2005, qualifying forest product industries are required to use the double-weighted sales factor apportionment formula as defined in ORS 314.650(2).

The election for taxpayers primarily engaged in utilities and telecommunications to apportion income using the double-weighted sales factor formula provided in ORS 314.650 (1999 edition) will continue to apply. This election may be revoked later.

## Apportionment Factors

### 1. Property Factor

Each item of owned or rented business property should be entered in column B. Business property within the district is entered in column A.

- 1a. Owned property is valued at original cost. Show the average value during the taxable year of real and tangible personal property used in the business. This is the average of property values at the beginning and the end of the tax period. An average of the monthly values may be required if a more reasonable value results.
- 1b. Rented property is valued at eight times the annual rent you pay. The annual rent paid must be reduced by nonbusiness subrentals.
- 1c. Enter the total of property factors on line 1c.

### 2. Payroll Factor

Compensation to employees for services performed must be included in the payroll factor. Payroll is assigned to the district if:

- The services are performed entirely inside the district; **or**
- The services are performed both in and out of the district, but those services performed outside are only incidental; **or**
- Some of the services are performed in the district and, (a) the base of operation or control is located in the district or, (b) the base of operation or control is not in this state or in any state where the employee's services are performed, but the employee's residence is in the district.

### 3. Sales Factor

The sales factor is the percentage that sales or other business gross receipts within the district compare to sales or other business gross receipts everywhere for the taxable year.

Other business gross receipts, including services, are any items other than sales of tangible personal property.

Amounts received for services should be entered on line 3, along with other business gross receipts. Charges for services are included in the district to the extent the services are performed in the district.

Sales of tangible personal property are assigned to the district if:

- The property is shipped or delivered to a purchaser in the district; **or**
- The property is shipped from a warehouse or other place of storage in the district; and (a) the purchaser is the U.S. government or, (b) the business income is not taxable outside the district or in the state of the purchaser. See ORS 314.665(3) for exceptions.

Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity. If the resulting gains are business income, the net gains attributable to these sales should be included in the sales factor.

## Taxpayer assistance

**General tax information** ..... [www.oregon.gov/DOR](http://www.oregon.gov/DOR)  
Salem ..... 503-378-4988  
Toll-free from Oregon prefix ..... 1-800-356-4222  
E-mail ..... [tse.help.dor@state.or.us](mailto:tse.help.dor@state.or.us)

*This e-mail address is not secure and confidentiality cannot be ensured. General tax and policy questions only.*

### Asistencia en español:

Salem ..... 503-945-8618  
Gratis de prefijo de Oregon ..... 1-800-356-4222

### TTY (hearing or speech impaired; machine only):

Salem ..... 503-945-8617  
Toll-free from Oregon prefix ..... 1-800-889-15204

**Americans with Disabilities Act (ADA):** Call one of the help numbers for information in alternative formats.