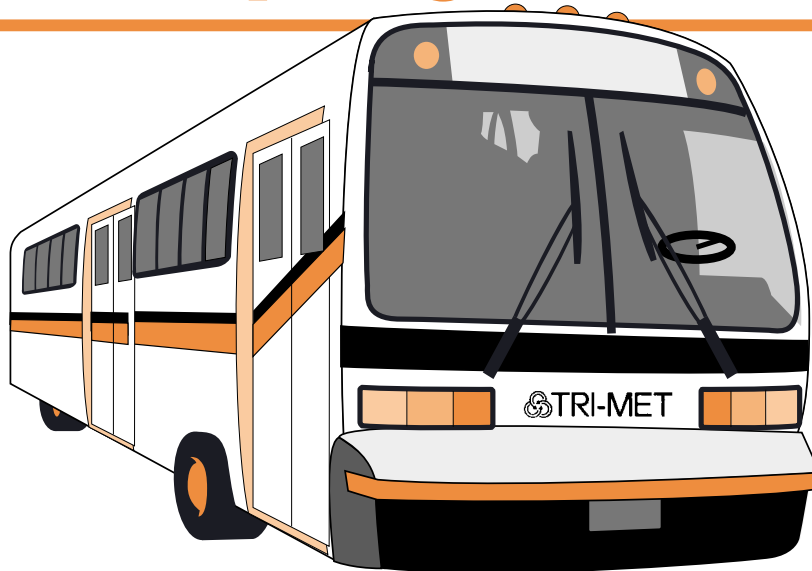


# Tri-Met Self-Employment Tax



## What is the Tri-Met Self-Employment tax?

The Tri-Met tax helps fund mass transportation in the Tri-Met district. This tax is applied to self-employment earnings of taxpayers doing business or providing services in the district. This includes portions of Multnomah, Clackamas, and Washington counties. The Oregon Department of Revenue collects the tax for Tri-Met.

## New information

The boundaries for the Tri-Met District changed effective January 1, 2000. The change involves the withdrawal of a portion of the district in and around the city of Sandy. A map of the Tri-Met district is on the back of this booklet. For questions about district boundaries, call Tri-Met at 503-962-6466 or you may access the Tri-Met Transit District Web site at [www.tri-met.org](http://www.tri-met.org).

The tax rate was changed as of January 1, 2000. The tax rate is 0.006195 (0.6195 of 1 percent).

## Who must pay this tax?

Anyone who has self-employment earnings from business or service activities carried on in the Tri-Met district must pay this tax.

Partnerships are not subject to the Tri-Met tax. However, individual partners are subject to the tax. A partnership may file and pay for **all** individual partners. See Partnership Election instructions on page 2.

People who must pay the self-employment tax include:

- Anyone who does business or provides services in the district, and whose earnings are not subject to Oregon withholding, regardless of where they live.
- Compensation received for performing religious services independently is subject to self-employment tax.
- Real estate salespeople. Federal laws generally treat real estate salespeople as self-employed. This includes those who provide services to real estate brokers under contract. This means commissions on sales are subject to the Tri-Met Self-Employment tax.

Exemptions:

- **S corporation distributions** are not subject to this tax.
- **Insurance agents.** All insurance agents are exempt from the self-employment tax (ORS 731.840).
- **Ministers.** Compensation received by a minister or member of a religious order for performing religious services in the exercise of that ministry or religious order is not subject to Tri-Met Self-Employment tax.

These instructions are not a complete statement of laws and rules that apply to the Tri-County Metropolitan Transportation District Self-Employment tax. For more information, contact the Oregon Department of Revenue. See page 8 for numbers to call. You may access the laws, rules, forms, and instructions on the Internet at [www.dor.state.or.us](http://www.dor.state.or.us).

## How to file

Complete Form TM, Tri-Met Self-Employment Tax return. Attach your payment to the front of the form. Make your check payable to the Oregon Department of Revenue. Please use blue or black ink on your return and payment. Mail to:

**TMSE**  
**Oregon Department of Revenue**  
**PO Box 14003**  
**Salem OR 97309-2502**

**Important:** Do not combine your Tri-Met Self-Employment tax payment with any other tax payments being made to the Oregon Department of Revenue. Do not attach your Tri-Met Self-Employment tax return to your Oregon income tax return or any other form.

File **one** Tri-Met Self-Employment tax return for all of your self-employment earnings.

## Frequently asked questions

### *I have more than one business. How should I file my Tri-Met return?*

File one return. If you have separate business activities, attach a schedule for each separate business to your return. Compute the Tri-Met Self-Employment income separately for each business. See instructions for line 1 on page 7.

### *Can I file a joint return?*

No. Each taxpayer having self-employment earnings must file a separate Form TM. That's true even if you and your spouse filed a joint federal income tax return. The only exception is a partnership filing for all partners. Both spouses could be members of the same partnership.

### *I'm getting a refund on my Oregon individual income tax return. Can I have that refund applied to this tax?*

No. We can not apply any income tax refund to pay your Tri-Met Self-Employment tax.

## When to file

Your Tri-Met return is due the same day as your federal and Oregon individual income tax returns. For most

taxpayers, this is **April 15**. When the 15th falls on a Saturday, Sunday, or legal holiday, the due date will be the next business day.

## Extensions

If you get an extension to file your federal or Oregon individual income tax return, it also applies to your Tri-Met Self-Employment tax return. **Check the "Extension Filed" box** on your Tri-Met Self-Employment tax return.

However, **more time to file does not mean more time to pay**. If you file an extension, make your payment by the original due date of the return. Fill out the name and address section of Form TM and write "ADVANCE PAYMENT" across the top. Be sure to use the same name and Social Security number or federal employer ID number that you will use on your return when you file. Please use blue or black ink. Attach your payment to the front of Form TM.

Be sure to file your Tri-Met Self-Employment tax return within the extension period.

See the Oregon individual income tax return, Form 40, instructions for full-year residents; Form 40N for nonresidents; or Form 40P for part-year residents for more information on extensions.

## Partnership election

A partnership may file and pay the Tri-Met tax for **all** individual partners. The partnership must use net earnings from self-employment as reported on federal Form 1065 to figure the tax. Do not make Oregon modifications to the partnership's earnings. If some partners have different tax years than others, net earnings from self-employment may have to be computed from amounts from different partnership years. For additional information, see page 8 for telephone numbers to call.

Form TM is due by April 15 for calendar-year partnerships. Fiscal year partnerships must file by April 15 following the year in which the fiscal year ends. **Do not** put the **partnership's** fiscal year end dates on Form TM.

**Example:** A partnership has a tax year ending August 31, 2001. The partnership **must** file and pay by April 15, 2002.

Partnerships **must attach a schedule listing the following information for each partner:**

- Name.
- Social Security number.
- Share of partnership income.
- Individual exclusion.

If your partnership is filing for all partners, you do not need to file a separate Form TM **unless** you have net self-employment earnings from sources other than the partnership. Report only these additional net self-employment earnings on your Form TM.

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## Form TM instructions

### Name and address section

**Individuals:** Fill in your name, address, telephone number, and Social Security number.

**Partnerships:** Fill in the partnership name, address, telephone number, federal employer ID number, and Oregon Business Identification Number (BIN).

You must provide on a schedule attached to Form TM the name and Social Security number for each partner. Your return cannot be processed without this information.

The request for your Social Security number(s) is authorized by Section 405, Title 42, United States Code. You must give us this information. It will be used to establish your identity.

### Line instructions—Form TM

Instructions are for lines not fully explained on the form.

**1. Self-employment earnings.** Fill in the amount from federal Schedule SE, Section A, line 3, or Section B, line 3. If you have **separate** business activities, do not use the “net” amount of all businesses shown on federal Schedule SE. Instead, compute the Tri-Met Self-Employment income separately for each business. The loss from one business can not be offset against the income of another business. **File one return**, attach a schedule for each separate business, and start with line 3 on Form TM. If you have self-employment earnings from a separate business operated wholly outside of the Tri-Met district, do not include those earnings on line 1 or 3 of Form TM.

You do not need to make Oregon changes or modifications to federal income on Form TM. Your earnings that are subject to Tri-Met Self-Employment tax usually will be the same as the earnings you report on your federal Schedule SE, Section A, line 3, or Section B, line 3.

**Exception:** Did you receive partnership income? If so, did the partnership file Form TM and pay the tax for the partners? If so, reduce the amount from your federal Schedule SE, Section A, line 3, or Section B, line 3 by the amount of your income from that partnership.

**2. Apportionment percentage.** Fill in the percentage from line 3d, column C, or line 6 of the worksheet on the back of Form TM. Do not fill in less than -0- or more than 100 percent. Fill in 100 percent on line 2 of Form TM if all your business activities are within the Tri-Met district.

If part of your business or service activity is carried on outside the Tri-Met district, you may choose to use the entire three-factor formula or the sales factor only. If you use the entire three-factor formula, the sales factor is doubled. Do not count any factor with a zero in column B. For example, if you have only sales and payroll in column B, divide the amount on line 5 by three. If you use the sales factor only, complete lines 3a through 3d of the apportionment worksheet on the back of Form TM. Fill in the percentage of sales within the district on line 2 on

the front of the form. Once you choose to use the sales factor only, you must continue to do so in all future years, unless the Oregon Department of Revenue lets you change your apportionment method.

**4. Exclusion.** The total exclusion for all your businesses is limited to \$400. Fill in \$400 or the amount on line 3, **whichever is less**. Was the exclusion partially or completely used on another 2001 Form TM filed by your partnership? If so, fill in only the unused amount of the \$400 exclusion.

**Partnerships.** Fill in \$400 for each partner or each partner’s share of the amount on line 3, whichever is less. If any partner’s exclusion was partially or completely used on another 2001 Form TM, include on line 4 only that partner’s unused amount of the \$400 exclusion. Each partner is responsible for ensuring that the total of all exclusions does not exceed \$400.

**7. Prepayments.** Fill in the amount of any advance payments you made before filing this return. Include payments made with an extension.

**9. Penalty and interest.** For filing or paying late.

**Due date.** Form TM is due the same day as your federal and Oregon income tax returns. For most taxpayers, this is **April 15, 2002**.

**Interest.** Are you paying your tax after the due date? If you are, include interest on any unpaid tax.

The interest rate is 10 percent annually, or 0.8333 percent per month (0.0274 percent per day) for interest periods beginning before February 1, 2002. The rate in effect for interest periods beginning on or after February 1, 2002 is 8 percent annually, or 0.6667 percent per month (0.0219 percent per day). The interest rate may change once a calendar year.

Interest is figured daily for periods of less than a month. A full month, for example, is April 16 through May 15. Here’s how to figure daily interest:

$$\text{Tax} \times \text{Rate} \times \text{Number of days}$$

**Penalty.** Include a penalty payment if you:

- Mail your Tri-Met Self-Employment tax **payment** after the due date (see exception below), **or**
- File Form TM after the due date (see exception below).

Late payment penalty is 5 percent of the unpaid balance of your tax.

If you file more than three months late, add an additional 20 percent late filing penalty.

**Exception:** You do not owe a penalty if you do **all** of the following:

- a. Get an extension of time to file your return, **and**
- b. Pay at least 90 percent of your Tri-Met Self-Employment tax by the original due date of the return, **and**
- c. Pay the balance of tax due when you file within the extension period, **and**
- d. Pay the interest on the balance of tax due when you file your return or within 30 days of the billing you receive from the department.

**Sign your return.**

## Taxpayer assistance

Are you unsure if you are doing business within the transit district? Call Tri-Met at 503-962-6466.

For more information, go to the Tri-Met Web site at [www.tri-met.org](http://www.tri-met.org).

For assistance with filing your return, contact the Oregon Department of Revenue.

Telephone: Salem ..... 503-378-4988  
Toll-free within Oregon ..... 1-800-356-4222

Forms: Many forms are available on our Web site at [www.dor.state.or.us](http://www.dor.state.or.us). Or write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990.

¿Habla español? Línea de mensaje. Las personas que necesitan asistencia en español pueden dejar un mensaje. El número disponible todo el año en Salem es 503-945-8618.

A message line is available all year for those who need assistance in Spanish. The number in Salem is 503-945-8618.

TTY (hearing or speech impaired only). These numbers are answered by machine only and are not for voice use. The toll-free number within Oregon is 1-800-886-7204. In Salem the number is 503-945-8617.

Americans with Disabilities Act (ADA). In compliance with the ADA, this information is available in alternative formats upon request. The toll-free number within Oregon is 1-800-356-4222. In Salem, call 503-378-4988.

