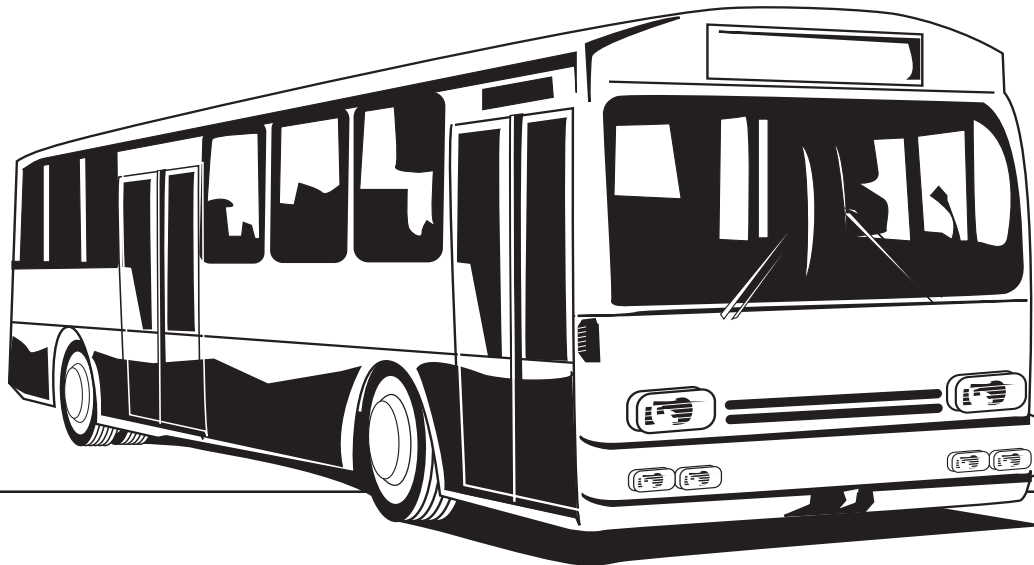


1997

Lane County Mass Transit District

LTD Self-Employment Tax

In this booklet: 1997 Form LTD and instructions



What is the LTD Self-Employment tax?

This tax is applied to self-employment earnings of taxpayers doing business or providing services in the Lane County Mass Transit District. A map of the district is on the back of this booklet.

The LTD tax helps fund mass transportation in the district. The tax rate is .006 (.6 of 1 percent). The Oregon Department of Revenue collects the tax for LTD.

Who must pay this tax?

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

Partnerships aren't subject to the LTD tax. However, a partnership may file and pay for all the individual partners.

S corporation distributions are not subject to this tax.

People who must pay the self-employment tax include:

- Anyone with activities in the district whose earnings aren't subject to Oregon withholding.
- Anyone living outside the district who does business or provides services in the district, and whose earnings aren't subject to Oregon withholding.

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 LTD Self-Employment 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 LTD Self-Employment tax. However, compensation received for performing religious services independently is subject to self-employment tax.

LTD Self-Employment tax

These instructions aren't a complete statement of laws and rules that apply to the Lane County Mass Transit District Self-Employment tax. For more information, contact the Oregon Department of Revenue. See page 8 for numbers to call.

How to file

Complete Form LTD, the return for the Lane County Mass Transit District Self-Employment tax. Attach your payment as shown on the front of the form. Make your check payable to the Oregon Department of Revenue. Mail to:

L.T.D.S.E.T.
Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502

Important: Don't combine your LTD Self-Employment tax payment with any other tax payments being made to the Oregon Department of Revenue. Don't attach your LTD Self-Employment tax return to your income tax return or any other form.

Can I file a joint return?

No. Each taxpayer having self-employment earnings must file a separate Form LTD. 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't apply any refund to pay your LTD Self-Employment tax.

When to file

Your Form LTD 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 or Sunday, the due date will be the following Monday.

Extensions

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

However, more time to file doesn't 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 LTD 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. Attach your payment to the front of Form LTD.

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

See the Oregon individual income tax return instructions for full-year residents for more information on extensions.

Partnership election

A partnership may file and pay the LTD tax for **all** the individual partners. The partnership shall 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 numbers to call.

Form LTD is due by April 15, for calendar year partnerships. Fiscal year partnerships should file by April 15 following the year in which the fiscal year ends.

Example: A partnership has a tax year ending August 31, 1997, and its partners use **calendar tax years**. The partnership must pay by April 15, 1998, the tax due from the partners' net self-employment earnings from the partnership for its tax year ending August 31, 1997.

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 don't have to file Form LTD **unless** you have net self-employment earnings from sources other than the partnership. Report only these additional net self-employment earnings on your Form LTD.

Form LTD instructions

Name and address section

Fill in your name, address, telephone number, and Social Security number. Fill in your federal employer ID number, if you have one.

or

If a partnership, fill in the partnership name, address, telephone number, and federal employer ID number.

You must provide a federal employer ID number or Social Security number for each partner. Your return cannot be processed without this information.

... continued on page 7

continued from page 2 . . .

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 LTD

Instructions are for lines not fully explained on the form.

Line 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, compute the LTD Self-Employment income or loss separately for each business. If you have self-employment earnings (or losses) from a separate business operated wholly outside of the district, don't include those earnings (or losses) on line 1 of Form LTD.

You don't need to make Oregon changes or modifications to federal income on Form LTD. Your earnings that are subject to LTD Self-Employment tax will usually be the same as the earnings you report on Section A, line 3, or Section B, line 3, of federal Schedule SE.

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

Line 2. Apportionment percentage. Fill in the percentage from line 3, column C, or line 6 of the worksheet on the back of Form LTD. Don't fill in less than -0- or more than 100 percent. Fill in 100 percent on line 2 of Form LTD if all your business activities are within the district.

If a part of your business or service activity is carried on outside the transit district, you may use the factor formula or the sales factor only. If you use the factor formula, the sales factor is doubled. Don't 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 line 3 of the apportionment worksheet on the back of Form LTD. 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 use it, unless the Oregon Department of Revenue lets you change it.

Line 4. Exclusion. Fill in \$400 or the amount on line 3, whichever is less. Was the exclusion partially or completely used on another 1997 Form LTD filed by your partnership? If so, fill in only the unused amount

of the \$400 exclusion. The total exclusion for all your businesses is limited to \$400.

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 1997 Form LTD, 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 doesn't exceed \$400.

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

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

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

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

The current interest rate is .8333 percent per month (.0274 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:

$$\text{Tax} \times .000274 \times \text{Number of days}$$

Penalty. Include a penalty payment if you:

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

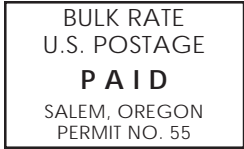
Penalty is 5 percent of the unpaid balance of your tax.

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

Exception: You don't owe a penalty if you do **all** of the following:

1. Get an extension of time to file your return, and
2. Pay at least 90 percent of your LTD Self-Employment tax by the original due date of the return, and
3. Pay the balance of tax due when you file within the extension period, and
4. Pay the interest on the balance of tax due when you file your return **or within** 30 days of the billing you will receive from the department.

Sign your return.



Questions?

Are you unsure if you are within the LTD boundaries?
Call LTD at (541) 741-6100.

For assistance, call the Oregon Department of Revenue.

Call: Salem **(503) 378-4988**

Toll-free within Oregon..... **1-800-356-4222**

The toll-free number is available January through April.

To order forms, write to: Forms, Oregon Department of Revenue, PO Box 14999, Salem OR 97309-0990. Our internet address is: <http://www.dor.state.or.us>

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

Habla Español? Las personas que necesitan asistencia en Español pueden dejar un mensaje. El número disponible todo el año en Salem es (503) 945-8618.

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

In compliance with the Americans with Disabilities Act (ADA), this information is available in alternative formats upon request by calling (503) 378-4988.

