



TriMet 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 "Taxpayer assistance." You may access the laws, rules, forms, and instructions on the Internet at www.oregon.gov/DOR.

New information

New tax rate: Beginning January 1, 2005, the tax rate has increased to 0.006318.

Apportionment: 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.

Also effective for tax years starting on or after July 1, 2005, certain taxpayers in the forest products industry will be required to use the double-weighted sales factor formula, as defined in Oregon Revised Statute (ORS) 314.650(2).

What is the TriMet self-employment tax?

The TriMet tax helps fund mass transportation in the TriMet District. This tax is applied to self-employment earnings of individuals 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 TriMet.

A list of ZIP codes included in the district boundary is on page 4. For more information, call TriMet at 503-962-6466, or access their Web site at www.trimet.org.

The tax rate is 0.006318 (0.6318 of 1 percent).

Who must file and pay this tax?

Individuals

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

People who **must** pay the self-employment tax include:

- Anyone who does business or provides services in the transit 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 TriMet self-employment tax.

Partnerships

Partnerships are not subject to the TriMet tax.

Individual partners of a partnership must pay this tax. However, a partnership may elect to file and pay for **all** individual partners. See "Partnership election" instructions.

Exemptions

- **S corporation distributions** are not subject to this tax.
- **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 TriMet self-employment tax.

How to file

Complete Form TM, TriMet self-employment tax return. Attach your payment to the front of the form. Make your check payable to the Oregon Department of Revenue. Do not use red ink or gel pens. Please use only blue or black ink on your return and payment.

Mail to: **TMSE**

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

Important filing information

- Do **not** combine your TriMet self-employment tax payment with any other tax payment made to the Oregon Department of Revenue.
- Do **not** attach your TriMet self-employment tax return to your Oregon income tax return.
- **Attach** a copy of your federal Schedule SE to your TriMet self-employment tax return.
- Mail your transit return to the Oregon Department of Revenue. **Transit returns cannot be filed electronically.**

File **one** TriMet self-employment tax return for all of your self-employment earnings.

To avoid a penalty, file your return and pay your tax by the due date.

Frequently asked questions

I have more than one business. How should I file my TriMet return?

File one return. If you have separate business activities, attach a schedule for each separate business to your return. Compute the TriMet self-employment income separately for each business. See instructions for line 1.

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 cannot apply any income tax refund to pay your TriMet self-employment tax.

Can I file my transit self-employment tax return electronically?

No. File your transit return by mail. Make a copy for your records, and mail your return to the Oregon Department of Revenue address printed at the bottom of the tax return.

Can I file an amended transit self-employment tax return?

Yes. File an amended transit return any time you need to correct your return as originally filed. Generally, you are allowed three years from the due date of the return or the date the return was filed, whichever is later, to file an amended return to claim a refund. Check the "This is an amended return" box on your transit return.

What if business is done both inside and outside of the district?

Use an apportionment formula by completing Form TSE-AP. You may elect to use only a sales factor or you may use the three-factor formula if your tax year begins before July 1, 2005. Effective for tax years starting on or after July 1, 2005, you must use the *sales factor only* to apportion your income.

What if I'm audited by the IRS?

If changes are made that affect your self-employment earnings, file an amended return to report and pay any additional tax due. If the change reduces your transit tax, you have two years from the date of the audit report to claim a refund.

Why am I being charged penalty and interest on my unpaid taxes when I have a valid extension?

You are responsible for a 5 percent penalty and interest if you do not pay your tax by the original due date. This is true

even if you have an extension of time to file. Attach a copy of your extension to your TriMet return and check the "An extension has been filed" box to avoid additional penalties.

For more information, visit our Web site at www.oregon.gov/DOR.

When to file

Your TriMet return is due the same day as your federal and Oregon individual income tax returns. For most taxpayers, this is April 17, 2006. Fiscal year returns are due the 15th day of the fourth month after the end of the fiscal year. 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 will also extend your TriMet self-employment tax return. **Check the "An extension has been filed" box** on your TriMet self-employment tax return, and **attach a copy of the extension to your return when you file.**

However, **more time to file does not mean more time to pay.** If you have an extension, you must make your payment by the original due date of the return to avoid a penalty and interest charge. Complete Form TSE-V and send it with your payment of tax. Form TSE-V is available on our Web site at www.oregon.gov/DOR, or see "Taxpayer assistance." Be sure to use the same name and Social Security number (SSN) or federal employer identification number (FEIN) that you will use on your return when you file.

Be sure to file your TriMet self-employment tax return within the extension period.

Partnership election

A partnership may elect to file and pay the transit self-employment tax for the 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 is determined using amounts from different partnership years.

The partnership's return and payment shall be based upon the net earnings from self-employment of the individual partners from the partnership for their taxable years ending with **or** within the calendar year.

Due date: April 17, 2006. The partnership **must** file a return and pay the tax due on or before the 15th day of the fourth month following the end of the **calendar year.**

Fiscal year taxpayers: When a partnership tax year ends within a calendar year, the partnership files on a calendar year basis with the return due April 17, 2006.

Example: If a partnership has a tax year ending August 31, 2005, and its partners use a calendar year, the partnership must pay on or before April 17, 2006, the amount due from the partner's net earnings from the partnership for its taxable year ending August 31, 2005.

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

- Name.
- SSN.
- Share of partnership income.
- Individual exclusion.

Partners: If your partnership is filing on behalf of 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 *individual* Form TM.

Amended returns

You must file an amended return to claim a refund of tax paid. To file an amended return, use the appropriate form for the year of the original return and check the box indicating **"This is an amended return."** Attach an explanation of the changes made.

Form TM instructions

Name and address section

Individuals: Fill in your name, address, telephone number, and SSN.

The request for your SSN(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.

Partnerships: Fill in the partnership name, address, telephone number, FEIN, and Oregon business identification number (BIN).

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

Line instructions—Form TM

Instructions are for lines not fully explained on the return.

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, do not use the "net" amount of all businesses shown on federal Schedule SE. Instead, compute the TriMet 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 TriMet 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 TriMet 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.

If you have a loss on federal Schedule SE, line 3, you are not required to file a transit self-employment tax return for the year of the loss. The loss from one business activity cannot offset the income of another. There is no carry-forward of losses.

Line 2. Apportionment:

- Enter 100 percent if **all** of your business activity is within the transit district. Do not fill out Form TSE-AP.
- Fill out and attach a completed Form TSE-AP if your business activity is carried on both in and out of the district.

Line 4. Exclusion. The total exclusion for all of your self-employment earnings is limited to \$400.

Individuals: Enter \$400 or the amount on line 3, *whichever is less*. Was the exclusion partially or completely used on another 2005 Form TM filed by your partnership? If so, fill in only the unused amount of the \$400 exclusion.

Partnerships. Enter \$400 for only those partners whose share of positive earnings are included in the amount on line 3. If any partner's exclusion was partially or completely used on another 2005 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.

Do not include any partner with a loss.

Line 7. Prepayments. Fill in the amount of any advance payments you made before filing this return. Include payments made with an extension of time to file or with a payment voucher, Form TSE-V.

Line 8. Tax-to-pay. Include your check or money order payable to the Oregon Department of Revenue. An expected refund from your state income tax cannot be used to pay your transit tax.

Line 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 a calendar year return, this is April 17, 2006.

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

If you do not pay the tax by the due date, interest will be charged on the unpaid tax. Interest periods generally begin on the 16th day of the month the return is due. Returns are due on the 15th unless the 15th falls on a Saturday, Sunday, or legal holiday. Interest is figured daily for periods of less than a month. A month, for example, is May 16 to June 15. Interest rates may change once a calendar year.

To calculate interest due:

- Tax × Annual interest rate × Number of full years.
- Tax × Monthly interest rate × Number of months.
- Tax × Daily interest rate × Number of days.

Interest rates and effective dates:

For periods beginning	Annual	Monthly	Daily
January 1, 2006	7%	0.5833%	0.0192%
January 1, 2005	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file. Learn more about *Computing Interest on Tax You Owe* at www.oregon.gov/DOR.

Additional interest on deficiencies and delinquencies. Interest will increase by one-third of 1 percent per month (4 percent yearly) on unpaid tax. If the tax is not paid within 60 days of our bill, the interest rate increases to 9 percent per year.

Penalty. Include a penalty payment if you:

- Mail your payment of tax due **after** the due date (even if you have an extension), or
- File your return showing tax due after the due date, including any extension.

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

If you file your return more than three months after the original or extended due date, add an additional penalty of 20 percent of the unpaid tax.

If you do not file required returns for three consecutive years by the due date of the third year's return, an additional failure to file penalty may be charged up to 100 percent of any tax due.

Sign your return. Please sign and date your return before mailing.

TriMet ZIP codes

TriMet serves the Portland Metropolitan area, which includes parts of Multnomah, Washington, and Clackamas counties. For information on TriMet boundaries, call 503-962-6466 or access the TriMet Web site at www.trimet.org.

ZIP codes completely in TriMet Transit District

97005	97035	97205	97214	97221	97232
97006	97036	97206	97215	97222	97233
97008	97068	97209	97216	97223	97239
97024	97201	97210	97217	97225	97258
97027	97202	97211	97218	97227	97266
97030	97203	97212	97219	97229	97267
97034	97204	97213	97220	97230	97268

ZIP codes partially in TriMet Transit District

97007	97019	97055	97080	97124	97236
97009	97022	97060	97113	97140	
97013	97023	97062	97116	97224	
97015	97045	97070	97123	97231	

Taxpayer assistance

Oregon Department of Revenue

General tax information 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

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 1-800-886-7204

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

TriMet Transit District boundary information

Telephone 503-962-6466
 Internet www.trimet.org

FORM
TM
(230)

Tri-County
Metropolitan Transportation District
2005
SELF-EMPLOYMENT TAX

For office use only		
Date received		
Payment		
1	2	3

Fiscal Year Mo / Day / Year Fiscal Year Mo / Day / Year
 ● Beginning: / / 05 ● Ending: / /

If you have previously filed a return, indicate if: Name change Address change

Last name (if an individual filing)		First name and initial		Social Security number (SSN)	
Partnership name (if a partnership filing)				Federal employer identification number (FEIN)	
Business address				Oregon business identification number (BIN)	
City	State	ZIP Code	County	Telephone number ()	
Did you file Form TM for 2004? <input type="checkbox"/> Yes <input type="checkbox"/> No (if No, give reason) _____				<input type="checkbox"/> An extension has been filed <input type="checkbox"/> This is an amended return	

Include your payment with this return.

Round all amounts to the nearest whole dollar.

1. Total self-employment earnings from federal Schedule SE ● 1
2. Apportionment percentage. From *Form TSE-AP, Transit Self-Employment Tax Apportionment Worksheet* (150-500-051). Not less than -0- or more than 100%. If all your business activity is within the TriMet District, fill in 100%2 %
3. Net self-employment earnings. Multiply line 1 by line 2..... ● 3
4. Less: Exclusion. Not more than \$400 per taxpayer. Each taxpayer's exclusion is the lesser of the taxpayer's self-employment earnings or \$400..... ● 4
5. Net earnings from self-employment subject to transit district tax. Line 3 minus line 4 ● 5
6. Tax on self-employment earnings within the TriMet District. Multiply the amount on line 5 by 0.006318 ● 6
7. Prepayments ● 7
8. **TAX-TO-PAY.** Is line 6 more than line 7? If so, line 6 minus line 7 **TAX-TO-PAY** ● 8
9. Penalty and interest for filing or paying late.....9
10. Total amount due. Line 8 plus line 910
11. **REFUND.** Is line 7 more than line 6? If so, line 7 minus line 6 **REFUND** ● 11

Individuals: Attach a copy of your federal Schedule SE. **Business Activity:** Sales Services Other: _____

Include a copy of your extension if you file after the due date.

Partnerships: Attach a schedule listing each partner's name, Social Security number, partnership earnings, and exclusion.

Under penalties for false swearing, I declare that I have examined this return, including accompanying schedules and statements. To the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which the preparer has any knowledge.		I authorize the Department of Revenue to discuss this return with this preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No	
SIGN HERE	Your signature	Date	Signature of preparer other than taxpayer
	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
			License No.
			Address
			Telephone No.

Do NOT attach your TM self-employment tax return to your Oregon income tax return, or any other form.

Make check or money order payable to:
Oregon Department of Revenue

Mail your return to: **TMSE**
Oregon Department of Revenue
PO Box 14003
Salem OR 97309-2502