

2018 Schedule OR-TSE-AP



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| Office use only |
| Date received |
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Oregon Transit Self-Employment Tax Apportionment

Submit original form—do not submit photocopy.

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

| | | |
|--------------------------------------|-------------------------------------|---|
| Filer Name—Individual or Partnership | Social Security number (SSN) — — | Federal employer identification number (FEIN) (partnership filing only) — |
|--------------------------------------|-------------------------------------|---|

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

**Schedule OR-AP-1
Standard Apportionment Method Sales Factor Only**

| | | |
|-------------------------------------|--|---|
| (A) Total within the district | (B) Total in and out of the district | (C) Percent within district [(A) ÷ (B)] × 100 (not less than zero) |
|-------------------------------------|--|---|

1. **Sales Factor** ● 1. ● ● %
Sales and other self-employment income

2. **Apportionment percent (round to 4 decimal places).**
Enter result from 1(C) here and on line 2 of Form OR-TM or Form OR-LTD ● 2. %

**Schedule OR-AP-2
Alternative Apportionment Method Double-Weighted Sales Factor**

The alternative apportionment method (*double-weighted sales factor formula*) election may only be used for utility and telecommunications taxpayers.

Taxpayers primarily engaged in utilities or telecommunications may elect to apportion business income using the double-weighted sales factor provided in ORS 314.650 (1999 edition).

Check the box on Form OR-TM or Form OR-LTD if making this election. All others use the standard apportionment method above.

| | | |
|-------------------------------------|--|---|
| (A) Total within the district | (B) Total in and out of the district | (C) Percent within district [(A) ÷ (B)] × 100 (not less than zero) |
|-------------------------------------|--|---|

1. Total owned and rented property ● 1. ● ● %

2. Total wages and salaries ● 2. ● ● %

3. Total sales and other receipts ● 3. ● ● %

4. Total sales and other receipts ● 4. ● ● %
(same as line 3 above)

5. Total percent (add lines C1–C4 above) ● 5. %

6. Number of factors with a positive number in column B ● 6. %

7. **Alternative apportionment percentage** (divide line 5 by line 6; enter result on line 2 of Form OR-TM or Form OR-LTD, round to 4 decimal places) ● 7. %

Include your completed Schedule OR-TSE-AP with your transit return.

Apportionment (ORS 314.280, 314.650 to 314.675)

If some of your self-employment activity is carried on both in and out of the transit district, you may allocate and apportion your net earnings. Use the apportionment schedule, Schedule OR-TSE-AP, to compute your percentage, which is entered onto line 2 of your Transit Self-Employment tax return. **You must complete the schedule and include it with your return when you file.**

Rounding to whole dollars. Enter amounts as whole dollars only. Example: \$4,681.55 becomes \$4,682; and \$8,775.22 becomes \$8,775.

Rounding percentages. When computing the property, payroll, and sales factor percentages, round the percentage to four decimal places. For example, 12.34558 percent should be 12.3456 percent.

Partnership apportionment

If a partnership elects to file and pay the transit self-employment tax for all of its individual partners, the partnership must use net earnings from self-employment as reported on federal Form 1065 to figure the tax. The apportionment is based on the partnership as a whole, not the individual partner.

Example: Self-employment earnings from partnership

| | |
|-------------------------------------|----------------|
| Form 1065 | \$2,000,000 |
| Sales within transit district | \$ 35,000 |
| Total partnership sales | \$3,000,000 |
| Transit apportionment | <u>.011667</u> |
| Net self-employment earnings | \$ 23,334 |

Complete Schedule OR-TSE-AP, Schedules AP-1 or AP-2, to determine the apportionment percent. Most taxpayers will use Schedule AP-1, unless you meet the exception below.

Exception: Use Schedule AP-2 if you're an electing utility or telecommunications taxpayer.

Remember: If you meet the exception and elect this option, please check the box "Utility or telecommunications" on the front of Form OR-TM or Form OR-LTD.

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.

- 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.
- Rented property is valued at eight times the annual rent you pay. The annual rent paid must be reduced by nonbusiness subrentals.

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 isn't 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 self-employment gross receipts within the district compare to sales or other self-employment gross receipts everywhere for the taxable year.

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

Amounts received for services should be entered, along with other self-employment gross receipts. Amounts received for services are included in the district to the extent the services are delivered to a location 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 isn't taxable outside the district or in the state of the purchaser. See ORS 314.665(3) for exceptions.

A taxpayer's market for sales is in this state in the case of intangible property that is sold, if and to the extent the property is used in this state. Under this subsection:

(a) A contract right, government license or similar intangible property that authorizes the holder to conduct a business activity in a specific geographic area is deemed to be used in this state if the geographic area includes all or part of this state.

(b) Intangible property sales that are contingent on the productivity, use or disposition of the intangible property shall be treated as the rental, lease or licensing of such intangible property under subsection (2) of this section.

(c) All other intangible property sales shall be excluded from the sales factor.

Taxpayer assistance

Do you have questions or need help?

www.oregon.gov/dor
(503) 378-4988 or 1 (800) 356-4222
questions.dor@oregon.gov

Specific transit self-employment tax questions:
tse.help.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.