



# 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, visit [www.oregon.gov/DOR](http://www.oregon.gov/DOR).

## New information

**New tax rate:** Beginning January 1, 2009, the tax rate has increased to 0.006718.

## Important reminders

**For tax years beginning on or after July 1, 2005:**

Self-employment income is apportioned to Oregon using a 100 percent sales factor unless you meet one of these exceptions.

- A qualifying taxpayer in the forest products industry is required to use the double-weighted sales factor formula.
- A taxpayer primarily engaged in utilities or telecommunications may elect to use the double-weighted sales factor formula.

## 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 visit [www.trimet.org/taxinfo](http://www.trimet.org/taxinfo).

The tax rate is 0.006718 (0.6718 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:

- Self-employed individuals, sole proprietors, independent contractors, members of a partnership, and persons who have net self-employment earnings greater than \$400 from doing business or providing services within the TriMet District.
- **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 that commissions on sales are subject to the TriMet self-employment tax.

### Partnerships

Partnerships are not subject to the TriMet self-employment tax.

The individual self-employed members of the partnership are responsible for filing and paying the tax. However, a partnership may choose to file one transit self-employment tax return and pay the tax for all of its individual partners. See "Partnership election" instructions.

### Exemptions

- **C and S corporation distributions** are not subject to this tax. However, **all employers** who pay wages for services performed in the district must pay a transit payroll tax. This includes corporation officers who receive compensation for services performed. For more information about payroll transit tax, call 503-945-8091.
- **Ministers.** Compensation received by a minister or member of a religious order when performing religious services is not subject to this tax. However, compensation received for performing religious services as an independent contractor has been and remains subject to this tax.
- **Insurance agents**—applies only to insurance-related income. Noninsurance-related self-employment activities are subject to this tax (ORS 731.840).

## How to file

Complete Form TM, *TriMet Self-Employment Tax Return*. Staple your payment and the Form TSE-V payment voucher to the top of the return. 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 Form TM to your Oregon income tax return.

- **Attach** a copy of your federal Schedule SE to the back of your Form TM.
- **Attach** Form TSE-AP to the back of your Form TM if you are apportioning your self-employed transit earnings.
- **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 penalty and interest, 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 that shows net earnings or losses for each separate business. 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. Self-employment income is apportioned using a 100 percent sales factor unless you are a qualifying taxpayer in forest products, utilities, or telecommunications. You are required

to use the double-weighted sales factor formula if you are a qualifying taxpayer in the forest products industry. A taxpayer primarily engaged in utilities or telecommunications may elect to use the double-weighted sales factor formula.

### ***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 will be charged 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. To avoid interest, you must pay tax owed by the original due date of the return. Attach a copy of your extension to your TriMet return when you file and check the "An extension has been filed" box to avoid additional penalties.

For more information, visit our website at [www.oregon.gov/DOR](http://www.oregon.gov/DOR).

## When to file

Your TriMet return is generally due the same day as your federal and Oregon individual income tax returns. For most taxpayers, this is April 15, 2010. 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 to file

If you received a federal extension or 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 Form TM, and attach a copy of the extension to the back of your return when you file.

### **Extensions are for more time to file a tax return only.**

**There are no extensions for paying tax.** 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 website at [www.oregon.gov/DOR/1002](http://www.oregon.gov/DOR/1002), 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 tax 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 15, 2010. The partnership **must** file a return and pay the tax due on or before April 15, 2010.

*Example:* If a partnership has a tax year ending August 31, 2009, the partnership must pay on or before April 15, 2010 the tax due from the partners' net earnings from the partnership for its taxable year ending August 31, 2009.

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 "**This is an amended return**" box. Attach an explanation of the changes made to the back of the return. Oregon doesn't have a separate amended transit tax return.

## 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). If you do not know your Oregon BIN, leave it blank and we will fill it in.

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

Check the box if any apply:

- An extension has been filed.
- This is an amended return.
- Utility, telecommunications, or forest industry.

## Line instructions—Form TM

Instructions are for lines not fully explained on the return.

### Line 1. Self-employment earnings.

- **Individuals:** Fill in the amount from federal Schedule SE, Section A, line 3; or Section B, line 3 unless you meet one of the exemptions.
- **Partnerships:** Fill in the net earnings from federal Partnership Form 1065. Do not include Oregon modifications.

**More than one business included on federal Schedule SE?** Only include those businesses from line 3 of your federal Schedule SE that have net earnings and are doing business or providing services in the TriMet District. Do not use a business with a net loss to offset a business with net earnings.

**Example:** Business A has net earnings of \$20,000 and Business B has a net loss of \$10,000. The amount on line 3 of your federal schedule SE is \$10,000. Fill in on line 1 of Form TM the amount of \$20,000. **File one return.** Attach a schedule to the return and include each separate business and their net earnings or losses. There are no carry-forward of losses to another year.

**Did you receive Partnership income?** 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.

**Important.** Do not make Oregon changes or modifications to federal income on Form TM. Your earnings that are subject to TriMet self-employment tax will generally be the same as the earnings you report on your federal Schedule SE, Section A, line 3; or Section B, line 3.

### Line 2. Apportionment:

- Percentage cannot be less than 0 percent or more than 100 percent.
- 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 to the back of Form TM if your business activity is carried on both in and out of the district.

**Line 4. Exclusion.** Each taxpayer's exclusion is the lesser of the taxpayer's self-employment earnings (line 3), or \$400.

**Individuals:** Enter \$400 or the amount on line 3, *whichever is less*. Was the exclusion partially or completely used on

another 2009 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 2009 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 for TriMet self-employment tax for this tax year.

**Line 8. Tax to pay.** Include your check or money order payable to the Oregon Department of Revenue. Write your daytime telephone number and "2009 Oregon Form TM" on your check. Staple your payment and the Form TSE-V payment voucher to the top of your return. 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 generally due the same day as your federal and Oregon income tax returns. For a calendar year return, this is April 15, 2010.

**Interest.** If you are paying your tax after the due date, 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, 2008	9%	0.75%	0.0247%
January 1, 2009	6%	0.50%	0.0164%
January 1, 2010	5%	0.4167%	0.0137%

Interest accrues on any unpaid tax during an extension of time to file.

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

Possible penalties may include:

- **5 percent** for failure to pay by the due date of the return.
- **20 percent** for failure to file the return within three months of the due date of the return.
- **100 percent** if you do not file three or more required returns by the due date of the third year's return.

**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 website at [www.trimet.org/taxinfo](http://www.trimet.org/taxinfo).

### ZIP codes completely in TriMet Transit District

97005	97036	97208	97216	97225	97266
97006	97068	97209	97217	97227	97267
97008	97201	97210	97218	97229	97268
97024	97202	97211	97219	97230	
97027	97203	97212	97220	97232	
97030	97204	97213	97221	97233	
97034	97205	97214	97222	97239	
97035	97206	97215	97223	97258	

### ZIP codes partially in TriMet Transit District

97007	97019	97055	97080	97116	97224
97009	97022	97060	97086	97123	97231
97013	97023	97062	97089	97124	97236
97015	97045	97070	97113	97140	

## Taxpayer assistance

### Have questions? Need help?

**General tax information**.....[www.oregon.gov/DOR](http://www.oregon.gov/DOR)  
 Salem..... 503-378-4988  
 Toll-free from an 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.*

### Asistencia en español:

En Salem o fuera de Oregon ..... 503-378-4988  
 Gratis de prefijo de Oregon .....1-800-356-4222

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

Salem area or outside Oregon .....503-945-8617  
 Toll-free from an Oregon prefix ..... 1-800-886-7204

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

### TriMet Transit District boundary information

Telephone..... 503-962-6466  
 Internet.....[www.trimet.org/taxinfo](http://www.trimet.org/taxinfo)