

# Transit Self-Employment Tax Apportionment Worksheet Instructions

## Apportionment (ORS 314.280, 314.650 to 314.675)

If some of your business activity is carried on both in and out of the local transit area, you may allocate and apportion your net earnings. Use the Canby Self-Employment Apportionment Worksheet to compute your percentage, which is entered onto line 2 of your CAT Self-Employment tax return. You must complete the worksheet and include it with your CAT Self-Employment tax return when you file.

## 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 the 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	\$ 2,000,000.00
Sales within the local transit area	\$ 30,000.00
Total Partnership Sales	\$ 3,000,000.00
Canby Apportionment	<u>0.01</u>
Net self-employment earnings	\$ 20,000.00

Complete the Apportionment Worksheet using the Standard or Alternative Apportionment Method to determine the apportionment percent. Most taxpayers will use the Standard Method unless you meet the exception below.

Exception: Use the Alternative Apportionment Method if you are an electing utility or telecommunications taxpayer.

Remember: If you meet the exception, please check the box "Utility or telecommunications" on the front of your CAT Self-Employment Tax return.

The election for taxpayers primarily engaged in utilities and telecommunications to apportion income using the double-weighted sales factor formula provide 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 local transit area 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 sub rentals.

### 2. Payroll Factor

Compensation to employees for services performed must be included in the payroll factor. Payroll is assigned to the local transit area if:

- The services are performed entirely inside the local transit area;  
**or**
- The services are performed both in and out of the local transit area but those services performed outside are only incidental;  
**or**
- Some of the services are performed in the local transit area and, (a) the base of operation or control is located in the local transit area or, (b) the base of the operation or control is not 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 business gross receipts within the district compare to sales or other business gross receipts everywhere for the taxable year.

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

Amounts received for services should be entered, along with other business gross receipts. Charges for services are included in the district to the extent the services are performed in the district.

Sales of tangible personal property are assigned to the local transit area if:

- The property is shipped or delivered to a purchase in the district; or
- The property is shipped from a warehouse or other place of storage in the district; and (a) the purchase is the U.S. government or, (b) the business income is not taxable outside the district or in the state of the purchaser. See ORS 314.665(3) for exceptions.

Gross receipts from the sale, exchange, or redemption of intangible assets cannot be included in the sales factor if not derived from your primary business activity. If the resulting gains are business income, the net gains attributable to these sales should be included in the sales factor.

## Canby Area Transit Self-Employment Tax Apportionment Worksheet 2013

Filer Name – Individual or Partnership

SSN or FEIN

**Note: Do not use this worksheet if ALL of your business activities are in the CAT local transit area.**

### Standard Apportionment Method Sales Factor Only

	(A) Total within the CAT local transit area	(B) Total in and out of the CAT local transit area	(C) Percent within the CAT local transit area [(A) ÷ (B)] x 100 (not less than zero)
1. <b>Sales Factor</b> ..... Sales and other business gross receipts	1.	1.	1.            %
2. <b>Apportionment percent</b> Enter result from 1(c) here and on line 2 of your CAT Self-Employment tax return.....			2.    .    .    %

### Alternative Apportionment Method Double-Weighted Sales Factor

The alternative apportionment method *double-weighted sales factor formula* is 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 your CAT Self-Employment Tax return if making this election. All others use the standard apportionment method above.

	(A) Total within the CAT local transit area	(B) Total in and out of the CAT local transit area	(C) Percent within the CAT local transit area [(A) ÷ (B)] x 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 (same as line 3 above).....	4.		
5. Total percent (add lines C1 – C4 above).....			5.
6. Number of factors with a positive number in column B.....			6
7. <b>Alternative apportionment percentage</b> (divide line 5 by line 6; enter result on line 2 of your CAT Self-Employment Tax return).....			7.

**Include your completed Apportionment Worksheet when your transit return is filed.**