

2018

Transit Tax Instructions

Sandy Area Metro Payroll and Self-Employment Tax



What is the Sandy Transit Tax Payroll and Self-Employment Tax?

The transit tax was established to replace the TriMet tax by City Ordinance 99-03 in May 1999 and revised by Ordinance 2012-12 in December 2012. The Sandy Municipal Code Chapter 5.05 Public Transportation and Self-Employment Tax is available on the City website at <https://www.ci.sandy.or.us/transit-municipal-code-505>.

Who benefits from the tax?

The tax finances the locally operated **SAM** (Sandy Area Metro) system. In 2000 **SAM** began providing transit services within the community with links west into the greater metropolitan area via the TriMet system, it now extends south into Estacada and connects with Mount Hood via the Mountain Express.

What is the tax rate?

The tax rate is .006 (6/10ths of one percent), which would be \$6.00 for every \$1,000 of taxable wages and/or self-employment net income. (Multiplication Factor = .006)

Who must file and pay this tax?

The transit tax is an "employer" tax and cannot be withheld from an employee's earnings.

Individuals

Anyone who has self-employment earnings from business or service activities performed in the Sandy city limits.

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 from doing business or providing services within Sandy city limits.
- **Real estate agents.** Federal laws generally treat real estate agents as self-employed. This includes those who provide services to real estate brokers under contract. This means that commissions on all sales are subject to the Sandy self-employment tax. See **SAM** guidance for Real Estate Agents.

2018

Transit Tax Instructions

Partnerships

Partnerships are not subject to the Sandy 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 its individual partners.

Exemptions

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).

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 503-489-0927 or email LBrice@ci.sandy.or.us.

Apportionment of Tax

Employers located outside of the local transit area are subject to the payroll and self-employment tax if any employee, commission merchant, or commission employee does business in the local transit area.

Taxpayers do not pay both Sandy Transit Tax and TriMet Tax (or any Oregon transit tax) on the same taxable wages. If work is done in both districts then the taxable wages should be prorated and the applicable amounts paid to each district.

Real Estate Agents calculate where they are performing their service or doing business, not where the property is sold. If greater than 50% of the work is performed from a Sandy real estate office, that is the relevant location. If more than 50% of your work is performed from an office outside of Sandy, not including home offices, that is the relevant location. You can choose to use the apportionment method. See **SAM** Guidance Apportionment Worksheet.

When to file?

No later than the last day of the month following the calendar year quarter:

If the quarter ends:	Your deadline to file is:
March 31	April 30
June 30	July 31
September 30	October 31
December 31	January 31

Sole proprietors have the option of filing annually no later than April 15. If you file a federal extension, you still must file and pay the estimated Sandy transit tax by April 15.

What are taxable wages?

The definition used for taxable wages comes from ORS 267.380 and includes all wages **except** the following:

- Employer contributions to a qualified cash or deferred compensation plan are not subject unless employer is making a matching 401 (k) contribution
- Cafeteria Plans

What are the penalties and interest?

Delinquent payment or non-payment will result in a penalty of 10% of the tax due for accounts up to 30 days past due. An additional penalty of 15% will be assessed on accounts over 30 days past due.

Fraudulent tax returns or intent to evade will result in an additional 25% penalty. Interest shall be assessed at the rate of 1.5% per month. In the event a citation is issued due to lack of compliance, legal fees and costs associated with court time and the collection of tax will be the liability of the taxpayer.

Where can I get the Transit Tax Forms?

A transit tax account is created by the City of Sandy Transit Department. You will receive tax forms in the mail quarterly. Or, for your convenience, the transit tax form is available to download from the City of Sandy website; <https://www.ci.sandy.or.us/transit-tax-menu-page>. We are unable to receive electronic submissions at this time.