

Penalties, interest & fees

We charge:

- A 10% penalty on any unpaid tax after the return's due date;
- An additional 15% penalty on any unpaid tax over 30 days past due;
- Fraudulent tax returns or intent to evade will result in an additional 25% penalty.
- Interest at the rate of 1.5% per month or fraction thereof (18% APR) on the amount of tax due, exclusive of penalties, from the date the remittance first became delinquent until paid. **To calculate interest multiply the tax due x 18% ÷ 365 x number of days past due.**
- A fee of \$5.00 will be assessed for each 30 days or fraction thereof if a payment is submitted without a return unless the return is received within five business days of receiving the payment. Total fee not to exceed \$20.00 per instance.

Employer Payroll Tax

If you have employees you are also subject to Canby's employer payroll tax. All employers, including non-resident employers, who are, or have been paying wages earned in the local transit area must file payroll tax returns with the City of Canby. Wages include all salaries, commissions, tips, bonuses, fees, payments to a deferred compensation plan, or other items of value; as defined in ORS 267.380. For more information call 503.266.0687 or download a tax return & payroll tax brochure from our website at: www.canbyoregon.gov/transportation/transittax.htm#taxforms

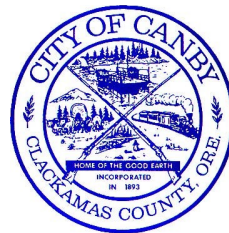
Remittance

Mail your tax form with your payment and remit to:

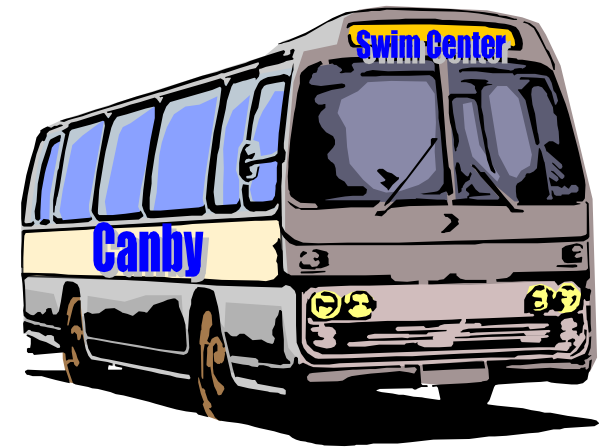
**City of Canby
Transit Tax
PO Box 930
Canby OR 97013-0930**

Questions?

**Call the transit tax department at
503.266.0687**



City of Canby Local Transit Area Taxes



**A guide to
Canby Area Transit
Self-Employment Tax**

General

Canby's Transit Tax was established by City Ordinance 1081 in December 2001. Collection of self-employment taxes became effective January 1, 2002.

The Canby self-employment tax helps fund the Canby transit system. This tax is applied to the self-employment earnings of individuals doing business or providing services in the local transit area (the City of Canby and the Canby Urban Growth Boundary).

Who benefits from the tax?

The system provides transit services in Canby with links to other cities. Increased and improved public transportation benefits riders and the businesses where they work and shop. Those who are unable to drive, and those who like to have a transportation choice benefit from having the option of a city transit service. People who choose to drive may see reduced traffic as ridership increases.

Who must file and pay this tax?

Individuals

Anyone who has self-employment earnings from business or service activities carried on in the local transit area 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 in the local transit area.

Who must file and pay? (continued)

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 sales are subject to the Canby self-employment tax.

Partnerships

Partnerships are not subject to Canby's 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.

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. Non-insurance related self-employment activities are subject to this tax (ORS 731-840).
- C & S corporation distributions are not subject to this tax. *However, all employers who pay wages for services performed in the local transit area must pay a transit payroll tax.* This includes corporation officers who receive compensation for services performed. For more information about payroll tax, call 503.266.0687.

What is the tax rate?

The tax rate is 0.6 %. That is \$6.00 for every \$1000 of taxable wages (multiplication Factor = .0060).

When to file the transit tax

Your Canby self-employment tax return is due on or before April 15 of the subsequent year.

You are required to file a return even if you have zero tax due. If your business is no longer active please

Where do I start?

By obtaining a Canby Business License a Canby transit tax account number will be assigned. If you are working outside the Canby City Limits you are not required to have a business license, however you are still required to file and pay transit tax if you are receiving self-employment income earned within the local transit area. If you are a new business or an unregistered business and are subject to the transit self-employment tax you will need to register your business by calling the transit tax specialist.

If you use a tax preparer, please be sure your preparer is filing correctly for Canby transit tax-

Tax forms can be accessed from our web site at www.canbyoregon.gov/transportation/transittax.htm#forms