

Sandy Area Metro

Guidance for Real Estate Agents



Determining whether the apportionment clause applies

Generally, if your office is located within the Sandy City Limits and you do most of your work (more than 50%) for each individual real estate sale in that office, then all of your self-employed earnings are subject to the Sandy transit tax. Working out of one's home does not constitute working outside your office if you are affiliated with an office inside the city limits.

But if most of your time (greater than 50%) for each individual sale is spent in another transit district (i.e. TriMet), then you may apportion your earnings based on that percentage. The realtor would need to keep track of the amount of time spent working in and out of the district for each individual transaction.

The following section explains whether the apportionment clause applies to a realtor.

For Realtors with offices inside Sandy's city limits

To determine whether you need to apportion net earnings, include the following sales in the **numerator** and **denominator**:

- (1) All earnings from sales not taxable to another transit district
 - a. Includes all sales inside the city limits
 - b. Includes all sales that are not in the Sandy city limits and not taxable to another transit taxing district.

Include these sales in the **denominator** only:

- (1) Sales done from an office in a transit district and property is outside Sandy's city limits.
- (2) Property is in the city limits but you go to an office in another transit taxing district to do all your work.

If the ratio (percentage) is less than .5 (or 50%), then you will need to apportion accordingly.

For Realtors with offices outside Sandy's city limits

To determine what sales are apportionable to the City of Sandy, include the following sales in the numerator and denominator:

- (1) All earnings from sales inside Sandy city limits and more than 50% of work for sales was done inside the city limits. The realtor's office is in another transit taxing district.
- (2) All earnings from sales not taxable to another transit district and sales were done from an office inside the city limits or work done inside city limits.

Include these sales in the denominator only:

- (1) Property is in the city limits but the realtor goes to an office in another transit taxing district to do more than 50 percent of the work for that sale.
- (2) Any sale of a property that is outside Sandy's city limits

Please multiply net earnings by Line 9 as shown on the apportionment worksheet

Key points to remember:

- It doesn't matter where the self-employed individual lives but instead where they are Performing their service or doing business. Only the location of the office where the real estate agent is employed is considered with respect to where service is performed.
- It also doesn't matter where the property is located.
- Services performed in the district are subject to the tax.
- Services performed that are taxable (by the same standards) to another transit district are not subject to the transit tax.
- If services are performed both inside and outside the district, each individual sale is either in or out of the district.

--The question to ask is where is the greater amount of time (cost of performance) spent to produce each individual sale? "Greater" has been defined as more than 50%.

Include those sales in the numerator divided by all sales.

The City of Sandy's Municipal Code Chapter 5.05 title "Public Transportation Payroll and Self Employment Tax" is the law that defines transit tax collection for the City of Sandy. The law pertains to any business or business entity performing services/labor in Sandy or which has an office inside the Sandy city limits.

For more information regarding the Transit Tax, please refer to **Chapter 5.05**.

Please refer to the following Oregon Statutes: **ORS 267** and **ORS 314**.

Apportionment worksheet provided on next page.

City of Sandy Transit Tax

Apportionment worksheet for in-city realtors

Numerator Values	
1) Sales inside the City Limits	\$
2) All sales out of city limits that are not in another transit taxing district	\$
3) Numerator total	\$
Denominator Values	
4) Value from Line 1	\$
5) Value from Line 2	\$
6) Sales done in another office in a transit taxing district and property outside city limits	\$
7) Property is in the city limits, but you have an office in a transit district and do more than 50 percent of work for that sale from that office	\$
8) Denominator Total	\$
9) Ratio-divide Line 3 by Line 8	\$
If ratio is less than or equal to .5, then use the value in Line 3	If ratio is greater than .5, then all the realtor's net earnings are subject to tax.

Apportionment worksheet for out-of city realtors

Numerator Values	
1) All earnings from sales inside Sandy's city limits and greater than 50 percent of that sale's work was performed in Sandy. In addition, the realtor's office is in another transit taxing district.	\$
2) All earnings from sales inside Sandy's city limits and the realtor's office is not in another transit taxing district.	\$
3) Numerator total	\$
Denominator Values	
4) Value from Line 1	\$
5) Value from Line 2	\$
6) Property is located inside city limits but greater than 50 percent of work performed in another transit taxing district.	\$
7) All sales outside city limits	\$
8) Denominator Total	\$
9) Ratio-divide Line 3 by Line 8	\$
Multiply net earnings by line 9	