

# Metro Supportive Housing Services Personal Income Tax

## 2022 Form MET-40 Personal Income Tax Return Instructions

### Full Year Resident

#### Important Updates

**Policy Update (02/14/2023).** On February 14, 2023, Metro offered a penalty and interest amnesty for tax year 2022. Do not self-assess any underpayment penalty or quarterly underpayment interest on your tax return. For more information, please visit [Portland.gov/revenue/amnesty](https://portland.gov/revenue/amnesty).

**Net Operating Losses from Pass-Through Entities.** Individuals are allowed a net operating loss (NOL) generated in the current year on the MET-40 to the extent the loss is allowed on the federal and Oregon return and included in Metro taxable income. However, a net operating loss deduction (NOLD), an NOL from a previous year, claimed on your federal return must be added back on Schedule PTI if the NOLD is related to a pass-through entity that was subject to the Metro Supportive Housing Services Business Income Tax.

If you added back the NOL generated from a pass-through entity that was also subject to the Metro Supportive Housing Services Business Income Tax on your 2021 return, there are two options available:

1. You may amend your 2021 Form MET-40 to remove the pass-through modification addition of the net operating loss.
2. You may make the correction on your 2022 Form MET-40 by taking a pass-through modification for the net operating loss that was added back in the prior year. If you elect this treatment, make sure to attach a statement explaining the adjustment.

If the full net operating loss cannot be utilized in the current year, there is no carryforward of the net operating loss for Metro Supportive Housing Services Personal Income Tax purposes.

There is no additional modification for the pass-through loss allowed on the Form MET-40.

#### General Information

**File and Pay Online and Manage Your Tax Accounts at Pro.Portland.gov.** Portland Revenue Online (PRO) allows you to:

- Register your personal and business tax accounts
- Update your account information
- File a personal tax return
- Make payments
- Upload supporting tax pages and documents
- View correspondence mailed to you

- Provide Third-Party Access to your tax preparer

For more information and to create your account, visit [Pro.Portland.gov](https://Pro.Portland.gov).

**Publication OR-17.** Metro personal income tax closely follows Oregon personal income tax treatment. See Publication OR-17 for more information about personal income tax laws. It is available at [www.oregon.gov/dor/forms](https://www.oregon.gov/dor/forms). To the extent necessary, references in Publication OR-17 to the state of Oregon or its agencies should be treated as references to Metro and its agents.

**Individuals Required to File a Full-Year Metro Supportive Housing Services (SHS) Tax Return.** Every full-year resident of Metro who is required to file an Oregon income tax return for the taxable year and who reports Oregon taxable income over \$200,000 using Oregon filing status married filing jointly, head of household or qualifying surviving spouse, or over \$125,000 using Oregon filing status single or married filing separately is required to file a Metro full-year personal income tax return.

**Residency.** You are a full-year Metro resident if you live within Metro for the entire year. You are also a full-year Metro resident, even if you live outside of Metro, if all of the following are true: you consider Metro as your permanent home; Metro is the center of your financial, social, and family life; and Metro is the place you intend to return after an absence. You are still a full-year resident if you temporarily move out of Metro or move back to Metro after a temporary absence. An individual must be an Oregon resident for taxable purposes to be a Metro resident. To determine if your place of residence is located within the Metro tax jurisdiction, utilize the tool available at [www.oregonmetro.gov/public-projects/supportive-housing-services-tax](https://www.oregonmetro.gov/public-projects/supportive-housing-services-tax).

**Filing Deadline.** The filing deadline for this return is April 18, 2023.

**Extensions.** Metro does not allow an extension of time to pay your tax. The submission of an extension payment by the original return due date provides an automatic six-month filing extension. If you do not have a tax balance due but would like to file an extension, your federal and/or state extension will serve as your Metro extension. When filing your return on the extended due date, check the "Extension Filed" box on the return. If no extension payment was made, please attach a copy of your federal extension or verification of your Oregon extension payment with your return.

## Penalty Calculation

You may be subject to penalties for filing a late personal income tax return and/or paying your income tax liability after the original due date of the return. Although there is a late penalty for both failing to file a personal tax return by the due date and failing to pay the tax by the original due date of the return, only one of these late penalties will be applied, even if there is a failure of both requirements. In these cases, only the late filing penalty is applied. For the purposes of penalty calculations, unpaid tax is your tax liability reduced by any payment of tax made before the original due date and any credit against tax that is claimed on the return.

### Late Filing Penalty

If you do not file your 2022 Form MET-40 by the original due date, file an extension with the Revenue Division by the original due date, or include a copy of your federal extension with your return when you file by the extended due date, the following penalties will be applied:

- 5% of the amount of the unpaid tax if the failure to file is for a period less than four months.
- An additional penalty of 100% of the unpaid tax of all tax years if the failure to file is for three or more consecutive tax years.

No late filing penalty is due if a timely extension is filed with the Revenue Division and a 2022 Form MET-40 is filed by the extended due date, or a copy of the federal extension is included with the return and the 'Extension Filed' box is checked.

### Late Payment Penalty

Your 2022 income tax must be paid by April 18, 2023, even if you requested an extension to file your personal income tax return. If you do not pay your tax by the original due date, the following penalties will be applied:

- 5% of the amount of the unpaid tax if the failure to pay is for a period less than four months.
- An additional penalty of 100% of the unpaid tax of all tax years if the failure to pay is for three or more consecutive tax years.

## Interest Calculation

Interest is calculated at 10% per annum (.00833 multiplied by the number of months). Calculate your interest from the original due date to the 15th day of the month following the date of the payment.

## Federal and Oregon Tax Returns

Please submit the following forms and schedules with your return. Without this information, we may disallow or adjust items claimed on your Metro return.

### Required Supporting Oregon Tax Pages

Be sure to include the following Oregon tax pages and any associated statements when submitting your return:

- Form OR-40, pages 1-4
- Schedule OR-ASC (if filed)
- Schedule OR-K-1(s) (if Metro pass-through income adjustment claimed)

### Required Supporting Federal Tax Pages

Be sure to include the following federal tax pages and any associated statements when submitting your return:

- Federal Form 1040, pages 1-2
- Federal Schedule 1
- Schedule B (if filed)
- Schedule C (if filed)
- Schedule D (if filed, including Form 4797, Form 6252, and Form 8824))
- Schedule E (if filed)
- Schedule F (if filed)
- Form 4868 (if federal extension filed)
- Form(s) W-2 (if Metro SHS tax withheld)
- Form 1099-R (if PERS or federal retirement exemption claimed)
- Schedule(s) K-1 (Form 1065/Form 1120-S/Form 1041) (if Metro pass-through income adjustment claimed)
- Form 8582 if passive activity loss limitations apply to Metro pass-through loss adjustment

## Tax Return Filing Instructions

**Rounding.** Round off cents to whole dollars on your return and schedules. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3. If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

## General Return Information

**Metro Supportive Housing Services Personal Income Tax Account #.** If you have already registered for an account and know your account number, enter your full Metro SHS Tax Account number beginning with SHP followed by ten digits. If you do not know your number, leave field blank.

**Filing Status.** Check the box next to your filing status. You must use the filing status corresponding with the filing status used on your Oregon tax return. Choose only one filing status.

**Taxpayer's Last Name; First Name and Initial.** If filing jointly, enter the last name, first name, and middle initial (if applicable) of the taxpayer listed as the primary filer on the Form OR-40. If taxpayer died during the tax year, check the "deceased" box. A personal income tax return must be filed for a person who died if the person would have been required to file. If you have been appointed personal representative or you have filed a small estate affidavit, sign the return as "personal representative." A surviving spouse must sign if it's a joint return. If there is no personal representative for the deceased person, only the surviving spouse needs to sign a joint return.

**Spouse's Last Name; First Name and Initial.** If filing jointly as married filing separately, enter the last name, first name, and middle initial (if applicable) of the individual listed as the spouse on Form OR-40. If taxpayer died during the tax year, check the "deceased" box. A personal income tax return must be filed for a person who died if the person would have been required to file. If you have been appointed personal representative or you have filed a small estate affidavit, sign the return as "personal representative." A surviving spouse must sign if it's a joint return. If there is no personal representative for the deceased person, only the surviving spouse needs to sign a joint return.

**Social Security Number.** Enter the Social Security Number (SSN) or Individual Tax Identification Number (ITIN) of the corresponding taxpayer and spouse. Refunds will not be issued without a valid SSN or ITIN.

**Residence Address.** Enter the residential address. If the primary taxpayer and spouse have different residential addresses, list the address of the primary taxpayer. If the residential address has changed, list the current address and mark the "check if changed" box. Unless a mailing address is provided, correspondence will be sent to the residence address on file.

**Mailing Address.** Only enter an address if the mailing address is different from the residential address. If the mailing address has changed, list the current address and mark the "check if changed" box.

**Initial Return Box.** Check this box if this is your initial return, if your filing status changed from the previous year, or if the person you are filing jointly with changed from the previous year.

**Final Return Box.** Check this box if this is your final return.

**Amended Return Box.** Check this box if you are filing an amended return and have already submitted an original return. You must include a copy of your original return with

your amended return. If you also filed amended federal and state returns, please include a copy. Fill in all amounts on your amended return, even if they are the same as originally filed. If you are amending to make a change to additions, subtractions, or credits, include detail of all items and amounts as well as any carryovers.

If you change taxable income by filing an original or amended federal or Oregon income tax return, you must file an amended Form MET-40 within 60 days of when the original or amended federal or Oregon income tax return was filed. Include a copy of your original or amended federal or Oregon income tax return and explain the adjustments made.

On the prepayments line of your amended Form MET-40, enter the net tax as reflected on the original return or as previously adjusted. Do not include any penalty or interest portions of payments already made.

**Extension Filed Box.** Check this box if you have filed a federal or state extension, or if you submitted an extension payment by the original due date of the return. Include required copies of federal or state extensions as applicable (see "Extensions" under "General Information" for additional information).

## Part I – Metro Taxable Income

**Line 1. Oregon Taxable Income.** Enter your Oregon Taxable Income from Form OR-40, line 19. You must attach copies of the required Oregon and federal tax forms listed in the instructions to your Metro return.

**Line 2. Exempt Income.** Oregon Public Employees Retirement (PERS) benefits and federal retirement benefits, including Federal Employees Retirement System (FERS) benefits, Civil Service Retirement System (CSRS) benefits, and military retirement benefits, that are taxed by Oregon are exempt from this tax. Submit a copy of Form 1099-R for each source claimed. You are only allowed a deduction for income that was not already exempted on your federal or Oregon return. Enter as a negative number.

**Line 3. Pass-through Income Modification.** If you received a Schedule K-1 (Form 1065) or a Schedule K-1 (Form 1120-S) from a pass-through entity (PTE) that was subject to the Metro Business Income Tax (METBIT), complete Schedule PTI on page 2 and report your modification from line B-2 on line 3. Net pass-through gains will be reported on this line as a negative value, and a net operating loss deduction will be reported on this line as a positive value. See instructions for Schedule PTI for additional guidance.

**Line 4. Metro Income Exemption.** If you use the single filing status of single or married filing separately, enter \$125,000 on line 4. If you use the joint filing status of married filing jointly, head of household, or qualifying

surviving spouse, enter \$200,000 on line 4. Enter as a negative number.

**Line 5. Income Subject to Tax.** Enter the sum of lines 1 through 4 on line 5. If the balance is less than \$0, enter \$0. If you have \$0 income subject to tax, you are not required to file, but may choose to do so if you have had tax withheld or made prepayments and you wish to request a refund.

## Part II – Metro Supportive Housing Services Tax

**Line 6. Tax.** Multiply line 5 by 1% and enter on line 6. This is your Metro personal income tax liability.

**Line 7. Credit for Taxes Paid to Another State.** A Metro resident is allowed a credit for taxes paid to another state on mutually taxed income if the other state does not allow the credit. This credit can only be taken if the filer claims a credit for income taxes paid to another state on the filer's Oregon income tax return or if a composite return was filed and there was no credit allowed on the other state's tax return. A Metro resident figures the credit as the lesser of the Metro tax based on mutually taxed income or the tax actually paid to the other state. To calculate the Metro tax based on mutually taxed income, use the following formula:

$$\begin{array}{r} \text{Mutually taxed income} \\ + \\ \text{Metro income subject to tax from line 5} \\ \times \\ \text{Metro Tax} \\ = \\ \text{Metro tax based on mutually taxed income} \end{array}$$

Enter the lesser of the Metro tax based on mutually taxed income or the tax actually paid to the other state on line 7. Enter as a negative number.

**Line 8. Employer Withholding.** If you had Metro SHS tax withheld from your wages by your employer, complete Schedule WH on page 2 and enter the total tax withheld from line A-2 on line 8 as a negative number. If you have tax to pay, consider submitting a FORM OPT to your employer to increase the amount your employer holds from your wages. For withholding information, go to: [www.oregonmetro.gov/public-projects/supportive-housing-services/taxes-and-funding](http://www.oregonmetro.gov/public-projects/supportive-housing-services/taxes-and-funding).

**Line 9. Prepayments.** Enter the total amount of prepayments as a negative number. Include all quarterly estimated payments, extension payments, and any credits carried forward from prior years.

**Line 10. Penalty.** Enter all late penalties that apply, if known. Leave blank if unknown or not applicable. If additional penalty is owed but was not calculated at the time of return submission, you will receive a bill by mail.

**Line 11. Interest.** Enter interest due on tax not paid by the due date, if known. Leave blank if unknown or not applicable. If additional interest is owed but was not calculated at the time of return submission, you will receive a bill by mail.

**Line 12. Balance Due or (Overpayment).** Add lines 6 through 11 and enter sum on line 12. If sum is positive, you have a balance due. If sum is negative, you have an overpayment for the year.

## Part III – Tax Due / Refund

**Line 13. Overpayment.** If line 12 is negative, this is the amount you have overpaid. If you have an overpayment, you may choose to have the balance refunded to you or credited forward to the next year. If no election is made, any overpayment will be refunded to you.

**Line 13a. Refund.** Enter the amount of the overpayment you would like refunded to you on this line. If you would like direct deposit of your refund, you must file your return online at [Pro.Portland.gov](http://Pro.Portland.gov). If your return is filed on paper, you will receive your refund in the mail by check.

**Line 13b. Credit Carryforward.** Enter the amount of the overpayment you would like to apply as an estimated payment for tax year 2023 on this line. This election is irrevocable.

**Line 14. Amount Due.** If line 12 is positive, a balance is due. Pay by April 18, 2023, to avoid late payment penalties and interest. You may pay by check or online at [Pro.Portland.gov](http://Pro.Portland.gov).

## Part IV – Signature

**Signature(s).** Be sure to sign and date your return. If you are filing a joint return, both taxpayers must sign. By signing the return, you acknowledge, under penalty of false swearing, that the information on the return is true, correct, and complete.

**Preparer Signature.** Anyone who prepares, advises, or assists in preparing personal income tax returns in exchange for compensation of any kind must be licensed to prepare Oregon returns and must sign the return.

## Mailing Instructions

If you are including a payment with your return, send your completed return, payment, and all required supporting tax pages to:

Revenue Division – Metro SHS Tax  
PO Box 9250  
Portland, OR 97207-9250

Make the check payable to 'Metro SHS Tax.' For fastest payment processing, pay online by logging into your PRO account at [Pro.Portland.gov](http://Pro.Portland.gov).

If a payment is not included with your return, send your completed return and all required supporting tax pages to:

Processing – Metro SHS Tax  
111 SW Columbia St, Suite 600  
Portland, OR 97201-5840

### Schedule WH – W-2 Withholding Summary for Metro SHS Tax

Use this schedule to calculate the total amount of Metro SHS tax that was withheld by your employer. If your employer withheld the Metro SHS tax, information regarding the withholding will be shown in boxes 18, 19, and 20 of your W-2. If you file a joint Metro tax return, include information for both the primary filer and spouse on Schedule WH.

Only include box 18 and box 19 information if the locality in box 20 says "Metro" or "Metro SHS". Do not include information for the locality of "MULT", "MultCo", or "Multnomah County". Information for Multnomah County withholdings will be reported on the Multnomah County Personal Income Tax return, which is a separate form. If no Metro SHS tax was withheld on your behalf (or your spouse's behalf, if filing jointly) by your employer(s), you do not need to complete this schedule.

Report each W-2 on a separate line. Round off cents to whole dollars. If two or more amounts must be added to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

**Column (a). Employee SSN.** Enter the social security number of the filer shown in box a of the W-2.

**Column (b). Employer Name.** Enter the name of the employer shown in box c of the W-2.

**Column (c). Employer FEIN.** Enter the employer identification number (EIN) shown in box b of the W-2.

**Column (d). Local Wages, Tips, Etc.** Enter the amount shown in box 18 of the W-2. Make sure that the locality name shown in box 20 indicates that the value in box 18 is for the Metro SHS tax.

**Column (e). Local Income Tax Withheld.** Enter the amount shown in box 19 of the W-2. Make sure that the locality name shown in box 20 indicates that the value in box 19 is for the Metro SHS tax.

**Check box if you have additional employer withholdings, and submit statement.** If you have more than four W-2s that show Metro Tax withholdings, check the

box, and attach a statement with the employee SSN, employer name, employer FEIN, local wages, tips, etc. and local income tax withheld for each additional W-2. Include the total amount from the statement on line A-2.

**Line A-2. Total sum from column (e).** Enter sum of all Metro Tax withheld from line column (e) and the supplemental statement (if applicable). Enter the amount from line A-2 on Line 10, page 1 of the return.

### Schedule PTI – Pass-Through Income Modification

Use this schedule to determine the amount of pass-through income modification to report for pass-through income/loss that was already subject to the Metro Business Income Tax (METBIT). This schedule must be completed to determine the value for line 3 in Part I of the return. If your pass-through income was not subject to tax under the METBIT for any reason, you are not eligible to claim a pass-through income modification.

#### Income from Pass-Through Entity Subject to METBIT

You are allowed a deduction from personal taxable income for pass-through income derived from a pass-through entity (PTE) subject to the METBIT. To take this deduction, you must have documentation from the PTE showing your share of income that was subject to tax on the PTE's METBIT return. PTEs subject to the METBIT must provide their owners or partners information along with the Schedule K-1 that indicates: 1) whether the business is subject to the METBIT; 2) that the business filed the METBIT return for the tax year of Schedule K-1; and 3) the PTE's Metro "income subject to tax" reported on the METBIT return. Your deduction should be the amount of your distributive share of the PTE's income subject to tax reported to you with Schedule K-1. The deduction is limited to the amount of pass-through income, from the entity that paid the METBIT, that is included in your federal Form 1040.

#### Losses from Pass-Through Entity Subject to METBIT

Net operating losses generated in the current tax year at the PTE level are allowed to be claimed at the individual level to the extent that the loss is allowed on the federal and Oregon return. A pass-through loss cannot exceed the amount of pass-through loss included in Oregon taxable income or to reduce your Metro taxable income to an amount below zero.

If you claimed a net operating loss deduction (NOLD) on your federal Form 1040 that was from a carryforward of a net operating loss from a PTE that was subject to the METBIT, the deduction is disallowed for purposes of the Metro SHS Personal Income Tax and must be added back to your Oregon taxable income as a pass-through modification. Include a statement explaining the adjustment.

Report each PTE on a separate line. If income or loss flows through one or more pass-through entities between the entity that paid tax and your federal return, adjustments may be required. Submit a copy of the corresponding Schedule K-1 for each modification claimed.

**Column (a). Tax ID of Pass-Through Entity.** Enter the S corporation or partnership employer identification number from box A of the Schedule K-1.

**Column (b). Name of Pass-Through Entity.** Enter the name of the S corporation or partnership from box B of the Schedule K-1.

**Column (c). Income Subject to Tax from Pass-Through Entity.** For the deduction for pass-through income from a PTE's income subject to tax, enter the "income subject to tax" from the S corporation or partnership METBIT return that was reported to you by the PTE with Schedule K-1.

For net operating loss deductions (NOLD) that must be added back, enter the amount of net operating loss deduction allowed on your federal return from a pass-through entity subject to the METBIT. Enter a loss as a negative number.

**Column (d). Ownership Percentage.** Enter your ownership percentage in the PTE. For an NOLD that must be added back, enter 100% as 1.000000.

**Column (e). Modification Claimed for Pass-Through Income.** For the deduction for pass-through income from a PTE's income subject to tax, multiply column (c) by column (d) and enter the result. Enter deductions for income from a PTE's income subject to tax as a positive number. Enter losses as a negative number.

**Check box for additional pass-through income modifications and statement.** If you have pass-through income/loss from more than five PTEs to deduct or add-back, check the box, and attach a statement which includes the following information for each additional PTE: the tax ID of the PTE; the name of the PTE; of the PTE's "income subject to tax" reported on the METBIT return or your required add-back of loss incurred by the PTE; and the total modification claimed related to the PTE. Include the total amount of additional modifications from the statement on line B-2.

**Line B-2. Total sum from column (e).** Enter sum of all eligible pass-through income/loss from column (e) and the supplemental statement (if applicable). Enter the amount from line B-2 on line 3, Part I of the return. If you have a net loss, enter this as a positive number on line 3. If you have a net gain, enter this as a negative number on line 3.