



Quarterly or Annual

Maximum Square Footage Business Tax Credit Computation Worksheet

Note 1: This form applies only if you engage in business activity outside of Seattle. You must have fully completed the combined square footage business tax credit worksheet before completing this form.

Note 2: If your business does not have both retailing/wholesaling and service type activities, then enter zero on the applicable lines below.

Note 3: Manufacturers should only report non-manufactured sales for this computation sheet.

The computations in this worksheet ensure that you will not pay more combined taxes due to the square footage business tax than you would have paid had the requirements of [RCW 35.102.130](#) ([SMC 5.45.081](#)) and the square footage business tax not been imposed. You could pay more tax if your business license tax increased due to the new apportionment requirements.

I. Computing the business license tax under [SMC 5.45.081](#) (post 1-1-2008).

- Line 1** Sales subject to the retailing/wholesaling tax. _____
(Enter the taxable amount from line 3 and line 4, column C of the business license tax form.)
- Line 2** Retailing/wholesaling business license tax due _____
(multiply line 1 by .00215).
(Enter the tax due amount from line 3 and line 4, column E of the business license tax form.)
- Line 3** Service income subject to tax under [SMC 5.45.081](#).* _____
(Using the new [two factor formula](#) of revenues and payroll.)
(Enter the taxable amount from line 5, column C of the business license tax form.)
- Line 4** Service and Other business license tax due (multiply line 3 by .00415). _____
- Line 5** Square footage business tax due from: _____
Line 13 on Combined square footage tax computation sheet.
- Line 6** Total business license tax and Square footage tax due _____
using post 1-1-2008 computations (add lines 2, 4 and 5).

II. Computing the business license tax before the square footage business tax and [RCW 35.102.130](#) ([SMC 5.45.081](#)) requirements took effect (pre 1-1-2008 tax computation method).

- Line 7** Sales subject to a selling tax (retailing/wholesaling).** _____
- Line 8** Retailing/wholesaling tax due (multiply line 7 by .00215). _____
- Line 9** Amount subject to the Service & other activities tax.*** _____
- Line 10** Service and other business license tax due (multiply line 9 by .00415). _____
- Line 11** Total amount of business license tax due under old tax computation _____
method (add lines 8 and 10).

III. Computing maximum square footage tax credit.

- Line 12** Subtract line 11 from line 6. If the result is negative, enter zero. _____
- Line 13** Compare line 12 with the amount on line 5. _____
The maximum square footage business tax credit is the lesser of the two amounts. Enter the lesser of the two amounts on line 12, column I on the business license tax return. _____

*[SMC 5.45.081](#), which reflects new State law, requires businesses to apportion their service income using a fraction, the numerator of which is the payroll factor plus the service and other business activity income factor and the denominator of which is two (2).

1. The payroll factor is a fraction, the numerator of which is the total amount paid for compensation in the city during the tax period by the taxpayer and the denominator of which is the total compensation paid everywhere during the tax period. Compensation is paid in the city if:
 - a. The individual or employee is primarily assigned within the city;
 - b. The individual is not primarily assigned to any place of business for the tax period and the employee performs fifty percent (50%) or more of his or her service for the tax period in the city; or
 - c. The individual is not primarily assigned to any place of business for the tax period, the individual does not perform fifty percent (50%) or more of his or her service in any city, and the employee resides in the city.
2. The service and other business activity income factor is a fraction, the numerator of which is the total service and other business activity income of the taxpayer in the city during the tax period, and the denominator of which is the total service and other business activity income of the taxpayer everywhere during the tax period. Service and other business activity income is in the city if:
 - a. The customer location is in the city; or
 - b. The income-producing activity is performed in more than one (1) location and a greater proportion of the service-income-producing activity is performed in the city than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or
 - c. The service and other business activity income producing activity is performed within the city, and the taxpayer is not taxable in the customer location.

** All sales generated from the Seattle business location less sales taxed by another gross receipt B&O city and sales delivered to a point outside the state (interstate sales).

*** If the service business has more than one office, with offices located within Seattle and outside of Seattle and separate accounting is not appropriate, then cost apportionment must be used to compute this number. Separate accounting is appropriate if the same activities take place in each office. If one office contains the management or accounting functions and the other office does not, then separate accounting is not appropriate. [SMC 5.45.080](#) requires businesses with only an office or place of business location within Seattle to report all gross income derived from the business activities rendered by, generated from, or attributable to the office or place of business located within the City, unless specific deductions or exemption apply.