



Instructions for Service Income Apportionment Worksheet

I. Gross Service Receipts

Line 1a: Insert the total gross service receipts for your business.

Line 1b: Insert the amount of receipts deductible under SMC 5.45.100 Deductions.

(Excluding any interstate deduction, this worksheet apportions worldwide service income.)

Line 1c: Subtract line 1b from line 1a and enter this amount on line 1c. This is your total apportionable service receipts.

II. Payroll Factor

Enter the Seattle payroll compensation for the following employees:

Payroll costs

- | | |
|---|----------|
| a. Total payroll for employee(s) whose assigned office or work station is located within the City of Seattle; | a. _____ |
| b. Total payroll for employee(s) who are not primarily assigned to any place of business for the tax period and that individual performs fifty percent or more of his or her service for the tax period in the City of Seattle; and | b. _____ |
| c. Total payroll for employee(s) not primarily assigned to any place of business for the tax period, and the individual does not perform fifty percent or more of his or her service in any city, but that person resides in the City of Seattle. | c. _____ |

Line 2a: Total City of Seattle payroll - add lines a, b, and c

Enter here and on line 2a of the apportionment worksheet.

d. _____

Line 2b: Enter the total payroll for all locations

(the amount in line 2a plus payroll for employees in all locations other than the city).

Line 2c: Calculate Payroll Factor – Divide line 2a by the amount in line 2b this is your payroll factor. Also enter this amount calculated as a percentage on line 2c. (If the business has no employees, then there is no payroll factor. If there are no employees within the city but there are employees elsewhere, then the payroll factor is zero for the City of Seattle.)

III. Service-Income Factor

Service gross receipts are in the City of Seattle if:

Service receipts

- | | |
|---|----------|
| a. The customer location is in the City of Seattle; or | a. _____ |
| b. The income-producing activity is performed in more than one location and a greater proportion of the service-income-producing activity is performed in the City of Seattle than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or | b. _____ |
| c. The service-income-producing activity is performed within the City of Seattle, and the taxpayer is not taxable in the customer location. | c. _____ |

Line 3a: Total City of Seattle receipts - add lines a, b, and c

Enter here and on line 3a of the apportionment worksheet.

d. _____

Line 3b: Insert the total gross service receipts for receipts everywhere (same amount as line 1a), including gross receipts within and outside the city, on line 3b.

Line 3c: Calculate Service-Income Factor – Divide line 3a by the amount in line 3b this is your service-income factor. Enter this amount calculated as a percentage on line 3c.

IV. Taxable Service Receipts

Line 4 : Add line 2c and line 3c and enter the amount on line 4. This is the total apportionment factor.

Line 5 : Enter the number 2 if two factors remain (See line 2c above) or the number 1 if no payroll factor.

Line 6 : Divide line 4 by line 5 (overall apportionment factor).

Line 7 : Multiply line 1c by line 6 and enter the amount on line 7. This is the City of Seattle taxable service receipts. Also enter this amount on line 5 services and other business activities, column C taxable revenue of the tax return.