



Example for illustration purposes only

2022 PAYROLL EXPENSE TAX RECONCILIATION WORKSHEET

The payroll expense tax is due and payable on a quarterly basis. This worksheet is intended to assist taxpayers who estimate their payroll expense tax in the first, second, and third quarters of the current year to determine the amount to report on the fourth-quarter return.

Step 1 Current Year Payroll Expense Tax Due					
Annual Employee Compensation	Column A Payroll Expense Total	Column B Deduction	Column C Taxable Amount	Column D Tax Rate ❶	Column E Tax Due
Payroll expense of employees with annual compensation of \$158,282 but less than \$422,085	\$ 2,000,000	-	\$ 2,000,000	0.7%	\$ 14,000
Payroll expense of employees with annual compensation of \$422,085 or more	\$ 2,500,000		\$ 2,500,000	1.7%	\$ 42,500
Total Tax Due					\$56,500

The payroll expense tax rates are applied to the total annual compensation paid in Seattle of employees with annual compensation of \$158,282 or more. ❶

Step 2 Payroll Expense Tax Paid				
Calendar Quarter	Quarter 1 (Jan 1 - Mar 31)	Quarter 2 (Apr 1 - Jun 30)	Quarter 3 (Jul 1 - Sep 30)	Total
Payroll expense tax paid for Quarters 1, 2, and 3. *	\$12,125	\$12,125	\$12,125	\$36,375

* For quarters one, two, and three, the taxpayer may use the Seattle payroll expense in the prior calendar year to arrive at an estimated amount to report in each quarter.

Step 3 Payroll Expense Tax Reconciliation Calculation				
Column A Annual Payroll Expense Tax Due (Part 1, Column E Total)	Column B Taxes Paid on prior Returns (Total from Step 2)	Column C Tax Balance Due (A-B)	Column D Input the rate for the compensation with the greatest payroll expense (See Table 1, p. 2)	Column E Total Compensation to Report on Q4 Return (C / D)
\$56,500	\$36,375	\$20,125	1.7%	\$1,183,823.53

Worksheet Directions

Step 1

Column A:	Enter your total payroll expense for Seattle for the complete calendar year.
Column B:	If eligible, deduct the total payroll expense for eligible Non-profit Healthcare Entity employees.
Column C:	Subtract the amount in Column B from the amount in Column A and enter the result in Column C
Column D:	Enter the appropriate Payroll Expense Tax Rate based on the Total Seattle Payroll Expense (refer to Table 1 below).
Column E:	Multiply the amount in Column C by the tax rate shown in Column D.

Step 2

Enter the payroll expense tax amounts paid in quarters one, two, and three and input the sum in the Total column.

Step 3

Column A:	Enter your total payroll expense tax due for Seattle for this tax period from Part 1 Column (E) above
Column B:	Enter the total tax paid in quarters 1 through 3 from Part 2.
Column C:	Subtract the amount in Column B from the amount in Column A and enter the result in Column C. This is the total 4th quarter tax payment due. If the amount in Column C is positive, continue completing Columns D and E. If the amount in Column C is negative, the estimated payroll expense paid in Quarters 1, 2, and 3 (Column B) is more than the total Seattle payroll expense tax due for the year (Column A). Do not continue the worksheet. The previously filed quarterly return may be amended to obtain a refund for the overpaid payroll expense for the current year and the 4 th quarter Payroll Expense Tax Return should be filed zero.
Column D:	Input the tax rate that corresponds to the annual compensation range with the greatest payroll expense for the year entered in Part 1. For example , if a business with total annual compensation in 2022 had less than \$105,521,399 in total annual compensation paid in the city to employees and \$2,000,000 of compensation paid in the city was to employees with annual compensation of \$158,282 but less than \$422,085 and \$2,500,000 of compensation was paid in the city to employees with annual compensation of \$422,085 or more; the tax rate in Column D would be 1.7%.
Column E:	Divide the amounts in Column C by the rates in Column D to arrive at the estimated payroll expense to enter on your fourth quarter return. Enter the amount determined in Column E on your 4 th Quarter return under the annual compensation row that corresponds to the rate in Column D.

① Table 1 - Payroll Expense Tax Rates 2022

	Less than \$105,521,399	\$105,521,399 but less than \$1,055,213,392	\$1,055,213,392 or greater
Annual compensation \$0 - \$158,281.99	N/A	N/A	N/A
Annual compensation \$158,282 to \$422,084.99	0.7%	0.7%	1.4%
Annual compensation \$422,085 or more	1.7%	1.9%	2.4%