



CITY OF EVERETT
SERVICE INCOME APPORTIONMENT WORKSHEET

DATE DUE	REPORTING PERIOD	LICENSE #

LINE #	Section 1: Apportionable Gross Service Receipts	
1	Enter total gross service receipts (world-wide)	
2	Subtract deduction(s) allowed in Everett	
3	Apportionable service receipts (subtract line 2 from line 1)	
Section 2: Payroll Factor		
4	Enter total Everett payroll costs	
5	Enter total company-wide payroll costs	
6	Payroll factor (divide line 4 by line 5)	
Section 3: Service-Income Factor		
7	Enter total Everett service receipts (before deductions)	
8	Enter total company-wide receipts (same as amount in Line 1)	
9	Service income factor (divide line 7 by line 8)	
Section 4: Everett Taxable Service Receipts		
10	Total apportionment factor (add lines 6 and 9)	
11	Percentage of service income apportioned to Everett (divide line 10 by the number 2, or divide line 10 by the number 1 if payroll factor is zero)	
12	Everett taxable gross service receipts (multiply line 3 by line 11)	

Why is this schedule necessary in addition to your tax form? Effective January 1, 2008, RCW 35.102.130 requires a new method using a two-factor formula to determine how income taxable under the city's *Service and Other* gross receipts B&O tax classification is apportioned between multiple locations when a taxpayer is engaging in business in more than one jurisdiction.

Who should complete the apportionment schedule? Only those taxpayers that earn gross receipts from activities subject to a city's *Service and Other* gross receipts B&O tax classification and which have a taxable presence in more than one jurisdiction need to complete the schedule.

INSTRUCTIONS:

Section 1 ▶ Enter the total gross receipts for your business on Line 1.

▶ Enter the deductions allowed under EMC on Line 2. Exclude Interstate deductions.

▶ Subtract line 2 from line 1. This is your total apportionable receipts.

Section 2 ▶ Enter the City of Everett payroll compensation on Line 4 for the following employees:

a. Total payroll for employee(s) whose assigned office or work station is located within the City of Everett.

b. Total payroll for employee(s) who are not primarily assign to any place of business for the tax period and who perform 50% or more of their work for the tax period in the City of Everett.

c. Total payroll for employee(s) not primarily assigned to any place of business for the tax period, and the individual does not perform 50% or more of his/her service in any city, but that person resides in the City of Everett.

d. If there are no employees, the payroll factor is zero.

▶ Enter the total payroll for all locations (the amount in line 4) plus payroll for employees in all locations other than the City of Everett on Line 5.

▶ To Calculate the Payroll Factor - divide line 4 by the amount in line 5. The result is your Payroll Factor. Enter this amount on line 6. If the business has no employees, there is no payroll factor. If there are no employees working within the city but there are employees elsewhere, then the payroll factor is zero for the City of Everett.

See back of form for additional information

Section 3 ▶ Service gross receipts are in Everett if any of the following apply:

- a. The customer location is in Everett; **or**
- 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 Everett than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; **or**
- c. The service income producing activity is performed within Everett, and the taxpayer is not taxable in the customer location.

▶ Enter the total Everett service receipts in Line 7 (the total of a., b., and c.).

▶ Enter the total companywide service receipts in Line 8.

▶ To calculate the Service Factor, divide Line 7 by Line 8, and enter this amount in Line 9.

Section 4 ▶ Taxable Service Receipts

▶ Add line 6 to line 9 and enter the calculated amount on line 10. This is the total apportionment factor.

▶ Divide line 10 by two (2), if there is a service factor and a payroll factor. If there is no payroll factor, divide line 10 by one (1). Enter the calculated amount as a percentage on line 11.

▶ Multiply line 3 by line 11 and the amount on line 12. This is your Everett taxable service receipts.