

**ATTACH TO MULTI-PURPOSE
TAX RETURN AND MAIL TO
CITY OF EVERETT LOCKBOX
PO BOX 94430
SEATTLE, WA 98124-6730**

City of Everett
Schedule A
SERVICE INCOME APPORTIONMENT DETAIL



For more information contact:
City of Everett Tax Division
425-257-8610

Date Due	Reporting Period	Account #

Line #	Section 1: Apportionable Gross Service Receipts	Code	Amount
1	Enter total company-wide gross service receipts	30	
2	Subtract any appropriate deduction allowed in Everett City Code	31	
3	Apportionable service receipts (subtract line 2 from line 1) <i>enter amount on this line</i>		

Line #	Section 2: Payroll Factor*	Code	Amount
4	Enter total Everett payroll costs	32	
5	Enter total company-wide payroll costs	33	
6	Payroll factor (divide line 4 by line 5) <i>enter amount on this line</i>		

Line #	Section 3: Service Income Factor	Code	Amount
7	Enter total Everett service receipts	34	
8	Enter total company-wide service receipts	35	
9	Service Factor (divide line 7 by line 8) <i>enter amount on this line</i>		

Line #	Section 4: Everett Taxable Service Receipts	Amount
10	Enter apportionment factor (add lines 6 and 9) <i>enter amount on this line</i>	
11	Percentage of service income apportioned to Everett (divide line 10 by the number 2)*	
12	Everett taxable service receipts (multiply line 3 by line 11) <i>enter this amount on this line and Line 4, Column 4 of the Multi-Purpose Tax Return</i>	

Why is this schedule necessary in addition to your tax form? Effective January 1, 2008, RCW 35.102.130 requires 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.

Formula example:

Service and Other income is apportioned to a city by multiplying service income by a payroll factor (based on the payroll within the city), plus the service income factor (based on the income producing activity attributable for tax purposes within the city), divided by two (2).

$$Total\ Taxable\ Service\ Income \times \frac{(Payroll\ Factor + Service\ Income\ Factor)}{2}$$

$$Payroll\ Factor \times \frac{Total\ Compensation\ Paid\ in\ Everett}{Total\ Compensation\ Paid\ Company - wide}$$

$$Service\ Income\ Factor \times \frac{Total\ Everett\ Service\ Receipts}{Total\ Company - wide\ Service\ Receipts}$$

*If a business has no employees in any location, such as a sole proprietorship without any employees, then the payroll factor is zero and the apportionment reverts to a single factor formula using the service factor only. In this case, divide the service Factor by one (1).

SEE OTHER SIDE FOR ADDITIONAL INSTRUCTIONS

Instructions for Schedule A – Service Income Apportionment Detail

I. Gross Service Receipts

Line 1: Enter the company-wide gross receipts for your business.

Line 2: Enter the amount of gross receipts deductible under Everett City Code (exclude any interstate deduction as this schedule apportions company-wide service income).

Line 3: Subtract line 2 from line 1 and enter this amount on line 3. This is your total apportionable service receipts.

II. Payroll Factor

Line 4:

A.	Total payroll for employee(s) whose assigned office or work station is located within Everett.	
B.	Total payroll for employee(s) who are not primarily assigned to any place of business for the tax period and that individual performs 50% or more of his or her service for the tax period in Everett.	
C.	Total payroll for employees(s) not primarily assigned to any place of business for the tax period, and the individual does not perform 50% or more of his or her service in any city, but that person resides in Everett.	
D.	Line 4 – Total Payroll in Everett – <i>add lines a, b, c and enter on Line 4.</i>	

Line 5: Enter the total payroll for all locations (the amount in Line 4 plus the payroll for employees in all other locations outside of Everett).

Line 6: Divide Line 4 by the amount in Line 5 and enter the calculated amount as a percentage on Line 6. If a business has no employees, then there is no payroll factor. If there are no employees within Everett, but there are employees elsewhere, then the payroll factor for Everett is zero.

III. Service-Income Factor (service gross receipts are in Everett if):

Line 7:

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	
D.	Line 7 – Total Everett receipts – <i>add lines a, b, c and enter on Line 7.</i>	

Line 8: Enter on Line 8 the company-wide gross service receipts.

Line 9: Divide Line 7 by the amount in Line 8 and enter the calculated amount as a percentage on Line 9.

IV. Taxable Service Receipts

Line 10: Add Line 6 and Line 9, and enter the calculated amount on Line 10. This is the total apportionment factor.

Line 11: Divide Line 10 by two (2), if two factors remain. If there is no payroll factor, divide Line 10 by one (1). Enter the calculated amount as a percentage on Line 11.

Line 12: Multiply Line 3 by Line 11 and enter the amount on Line 12. This is your Everett taxable service receipts. Also enter this amount on Line 4 (Services & Other Apportioned), Column 4 (Taxable Income) of the Multi-Purpose Tax Return.