

**ATTACH TO MULTI-PURPOSE
TAX RETURN AND MAIL TO
CITY OF RENTON TAX & LICENSE
PO BOX 35136
SEATTLE, WA 98124**

City of Renton
Schedule A
SERVICE INCOME APPORTIONMENT DETAIL



For more information
contact: City of Renton
Tax Division 425-430-6851

Date Due

Reporting Period

Account #

Line #	Section 1: Apportionable Gross Service Receipts	Code	Amount
1	Enter total worldwide gross service receipts	30	
2	Subtract any appropriate deduction allowed in Renton Municipal Code		
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 Renton payroll costs	32	
5	Enter total worldwide 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 Renton service receipts	34	
8	Enter total worldwide service receipts	35	
9	Service Factor (divide line 7 by line 8) <i>enter amount on this line</i>		

Line #	Section 4: Renton 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 Renton (divide line 10 by the number 2)*	
12	Renton taxable service receipts (multiply line 3 by line 11) <i>enter this amount on this line and Line 5, 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).

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

$$Payroll\ Factor \times \frac{Total\ Compensation\ Paid\ in\ Renton}{Total\ Compensation\ Paid\ worldwide}$$

$$Service\ Income\ Factor \times \frac{Total\ Renton\ Service\ Receipts}{Total\ worldwide\ Service\ Receipts - Throwout\ income}$$

*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 worldwide gross receipts for your business.

Line 2: Enter the amount of gross receipts deductible under Renton Municipal 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 Renton.	
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 Renton.	
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 Renton.	
D.	Line 4 – Total Payroll in Renton – <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 Renton).

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 Renton, but there are employees elsewhere, then the payroll factor for Renton is zero.

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

Line 7:

A.	The customer location is in Renton	
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"Customer location" Defined as a. For a customer not engaged in business, if the service requires the customer to be physically present, where the service is performed.

b. For a customer not engaged in business, if the service does not require the customer to be physically present:

i. The customer's residence; or

ii. If the customer's residence is not known, the customer's billing/ mailing address.

c. For a customer engaged in business:

i. Where the services are ordered from; or

ii. At the customer's billing/ mailing address if the location from which the services are ordered is not known; or

iii. At the customer's commercial domicile if none of the above are known.

The customer location is determined based on a cascading method or series of steps. Only if the first step is unknown may the taxpayer move to the next step and so forth.

Line 8: Enter on Line 8 the worldwide gross service receipts less any "throw-out" income. Throw-out income is defined as service receipts that would be sourced to a location in which the taxpayer is not taxable and some of the activity is performed in Renton.

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 Renton taxable service receipts. Also enter this amount on Line 5 (Services & Other Apportioned), Column 4 (Taxable Income) of the Multi-Purpose Tax Return.