

## Service Income Apportionment Worksheet City of Shelton

**Why have we sent this worksheet in addition to your tax form?** Effective January 1, 2008, the method used to allocate and apportion your revenue between locations for business & occupation (B&O) taxes changed to comply with RCW 35.102.130. This new method uses a two-factor formula to determine how income taxable under the city's service and other 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 worksheet? Only those taxpayers that earn gross receipts from activities subject to a city's service and other B&O Classification and which have a taxable presence in more than one jurisdiction need to complete this worksheet.**

I. Calculate Apportionable Gross Service Receipts		
Enter total gross apportionable service receipts from all sources	\$	1a
Deduct: Deductible service gross receipts (excluding Interstate)	\$	1b
Total service receipts (line 1a minus 1b)	\$	1c

II. Calculate Payroll Factor		
Enter total City of Shelton payroll costs	\$	2a
Enter total payroll costs	\$	2b
Payroll factor (line 2a divided by line 2b)	%	2c

III. Calculate Service-Income Factor		
Enter total City of Shelton service receipts (before deductions)	\$	3a
Enter total gross receipts (same as amount on line 1a)	\$	3b
Service Income factor (line 3a divided by line 3b)	%	3c

IV. Calculate City Taxable Service Receipts		
<b>Payroll Factor + Service-Income Factor</b> (before deductions) (add lines 2c & 3c)	\$	4
<b>Apportionment Factor</b> Line 4 divided by 2 (unless there is no payroll factor)*	\$	5
<b>City taxable service receipts</b> (line 1c multiplied by line 5) enter this amount on your Tax Return under Retail Services column 2 and 4	\$	6

\*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 1.

**If You Claim Service Income Apportionment,  
Return this worksheet with the City of Shelton B&O Tax Return.**