

Date	Reporting Period	Registration #

**Service Income Apportionment Worksheet  
City of Westport**

**Businesses reporting service income: attach to tax return and mail to:**

City of Westport, P O Box 505, Westport, WA 98595

**For more information contact:**

City of Westport, 360-268-0131

**I. Calculate Apportionable Gross Service Receipt**

Enter total gross apportionable service receipts	1a		
Deduct: Deductible service gross receipts (excluding Interstate)	1b		
Total service receipts (subtract line 1b from line 1a) enter amount on this line			1c

**II. Calculate Payroll Factor**

Enter total City of Westport payroll costs	2a		
Enter total payroll costs	2b		
Payroll factor (divide line 2a by line 2b) enter amount on this line			2c

**III. Calculate Service-Income Factor**

Enter total City of Westport service receipts (before deductions)	3a		
Enter total gross service receipts (same as amount on line 1a)	3b		
Service income factor (divide line 3a by 3b) enter amount on this line			3c

**IV. Calculate City Taxable Service Receipts**

<b>Total apportionment factor</b> (add lines 2c & 3c) enter on this line	4		
Divide line 4 by 2 (the number 2) enter amount on this line*	5		
<b>City taxable service receipts</b> (multiply line 1c by line 5) enter amount on this line AND on your Tax Return line 1 (Service & Other Activities) column D (Taxable Income).			6

**Services and Other Apportioned** to a city by multiplying service income by a payroll factor (based on the payroll within the jurisdiction), plus the service-income factor (based on the income producing activity attributable for tax purposes within the jurisdiction), divided by two.

**Formula example:**

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

2

$$\text{Payroll Factor} = \frac{\text{City Compensation Paid}}{\text{Total Compensation Paid Everywhere}}$$

$$\text{Service Income Factor} = \frac{\text{Service Income In City}}{\text{Total Service Income Everywhere}}$$

**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 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 tax classification and which have a taxable presence in more than one jurisdiction need to complete the worksheet.

\*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.

**CITY OF WESTPORT- INFORMATION and INSTRUCTIONS**  
**DEDUCTION DETAIL**

Deductions claimed on the front of this form but not listed below will be disallowed until an amended return is submitted.

In the worksheet below, the word "Line" followed by a number (i.e., Line 1, Line 2, etc.) refers to the business tax classification reported on the front of this form.

Report deductions under the "Line" heading that corresponds to the business classification or reporting activity

Be sure the total amount of each "Line" from this worksheet matches the corresponding line number on the front of this form

Deduction Type	Line 1	Line 2	Line 3	Line 4	Line 5
Itemize deduction amounts listed on front of form	Service & Other Activities	Retail Sales & Services	Wholesaling	Manufacturing, Processing & Extracting	Bingo/Raffles
Bad Debts					
Cash Discounts					
Returns & Allowances					
Interstate/Foreign Sales					
Taxed by other Cities					
Liquor Sales (includes beer & wine)					
Motor Vehicle Fuel Sales					
Other:(Must list)					

**MULTIPLE ACTIVITIES TAX CREDIT**

**Part 1 - External Credits** - Use if you have paid eligible gross receipts taxes to another local jurisdiction for the privilege of extracting the products you manufactured in Westport, or for extracting or manufacturing the products you sold in Westport

	Column 1	Column 2	Column 3	Column 4
	Taxable Amount	Gross Receipts Taxes Paid Westport	Non-Westport	Credit (Lesser of Columns 2 or 3)
A. Wholesaling in Westport of products manufactured or extracted outside Westport				
B. Manufacturing in Westport products extracted outside Westport				

**Part II - Internal Credits** - Use if you have paid taxes to Westport under two or more classifications on the same product

	Column 1	Column 2	Column 3	Column 4a	Column 4b	Column 5
	Taxable Amount	Extracting Tax Paid	Manufacturing Tax Paid	Wholesaling Tax Paid	Retailing Tax Paid	Credit Amount
C. Manufacturing activities on products extracted in Westport						
D. Selling products extracted or manufactured in Westport						

Total Credits from Part 1 Column 4 and Part II Column 5 for MATC: Transfer this amount to the multiple tax credit line on business tax return.	
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**INSTRUCTIONS**

- 1 Find the activity (A B C or D) which applies to your business (more than one may apply).
- 2 Enter in Column 1 at the taxable amount (gross less deductions) pertaining to the activity.
- 3 Compute the amount of the credit as explained below and enter the total amount of the credits in part I Column 4 and Part II Column 5 into the total credit box.

**External Credit**

- 1 Enter in Column 2 the Westport B&O tax applicable to the activity (use tax rates on return)
- 2 Enter in Column 3 the tax paid to another local jurisdiction on the same taxable amounts.
- 3 Enter in Column 4 the lesser of Columns 2 or 3.

**Internal Credit**

- 1 Enter in Columns 2, 3, 4a & 4b the Westport B&O tax paid on each of the activities, as applicable.
- 2 For activity C enter in Column 5 the lesser of the tax amount in Column 2 or Column 3.
- 3 For activity D, enter in Column 5 the lesser of the tax amount in Columns 2, 3, or the total of Column 4a & 4b.
- 4 If tax amounts are equal then enter one of the tax amounts in Column 5.