

Business Name	Date	Reporting Period	Registration #

## City of Bellingham-Service Income Apportionment Schedule

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

**Why is this schedule needed in addition to your tax return?** 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 & Other Activities B&O tax classification is apportioned between multiple locations when a taxpayer is engaging in business in more than one city. Service & Other Activities revenues are apportioned to a city by multiplying service income by a payroll factor (based on the payroll within the city), plus a service-income factor (based on the income producing activity within the city), divided by two.

**How is this schedule completed?** Please refer to the Instructions & Worksheet for Service Income Apportionment Schedule.

### I. Calculate Apportionable Gross Service Receipts

Enter total gross service receipts	1a		
Enter gross service receipts deductible under BMC 6.04.100	1b		
Total service receipts (subtract line 1b from line 1a) & enter amount on this line	1c		

### II. Calculate Payroll Factor

Enter total City payroll costs (from worksheet )	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 service receipts (from worksheet)	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 in the 'Taxable Amount' box under 'Service & Other Activities'.	6		

\*If a business has no employees in any location (such as a sole proprietorship without any employees), the payroll factor is zero. The apportionment reverts to a single factor formula, using the service income factor only. In this case, lines 4 and 5 are the same figure.

## ATTACH COMPLETED SCHEDULE TO TAX RETURN

Mail To: City of Bellingham  
Finance Department  
PO Box V  
Bellingham WA 98227

Or Deliver To: City of Bellingham  
Finance Department  
210 Lottie St  
Bellingham WA 98225

For more information, please visit our website at [www.cob.org](http://www.cob.org), or call the Finance Department at (360) 778-8000.

# Instructions & Worksheet for Service Income Apportionment Schedule City of Bellingham

## I. Gross Service Receipts

**Line 1a:** Insert the total gross service receipts for your business.

**Line 1b:** Insert the amount of receipts deductible under Bellingham Municipal Code 6.04.100-Deductions.

**Line 1c:** Subtract line 1b from line 1a and enter this amount on line 1c. This is your total apportionable service receipts.

## II. Payroll Factor

Enter the in-City payroll compensation for the following employees:

		Payroll costs
a. Total payroll for employee(s) whose assigned office or work station is located within the City ;	a.	
b. Total payroll for employee(s) who are not primarily assigned to any place of business for the tax period, and that individual performs fifty percent or more of their service for the tax period in the City ; and	b.	
c. Total payroll for employee(s) not primarily assigned to any place of business for the tax period, and the individual does not perform fifty percent or more of their service in any city, but that person resides in the City .	c.	
<b>Line 2a - Total City of Bellingham payroll - add lines a, b, and c</b> Enter here and on line 2a of Schedule.	d.	

**Line 2b:** Enter the total payroll for all locations (the amount in line 2a plus payroll for employees in all locations other than the city).

**Line 2c:** Calculate Payroll Factor – Divide line 2a by the amount in line 2b; this is your payroll factor. Also enter this amount on line 2c. (If the business has no employees, then there is no payroll factor. If there are no employees within the city but there are employees elsewhere, then the payroll factor for the City is zero.)

## III. Service-Income Factor

Enter the in-City Service gross receipts; receipts are in the City if:

		Service receipts
a. The customer location is in the City ; or	a.	
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 the City than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or	b.	
c. The service-income-producing activity is performed within the City, and the taxpayer is not taxable in the customer location.	c.	
<b>Line 3a - Total City of Bellingham receipts - add lines a, b, and c</b> Enter here and on line 3a of Schedule.	d.	

**Line 3b** - Insert the total gross service receipts for everywhere (same amount as line 1a), including gross receipts within and outside the city, on line 3b.

**Line 3c:** Calculate Service-Income Factor – Divide line 3a by the amount in line 3b; this is your service-income factor. Enter this amount on line 3c.

## IV. Taxable Service Receipts

**Line 4:** Add line 2c and line 3c and enter the amount on line 4. This is the total apportionment factor

**Line 5:** Divide line 4 by two (the number 2) if two factors remain. (See line 2c above.)

**Line 6:** Multiply line 1c by line 5 and enter the amount on line 6. This is your City of Bellingham taxable service receipts. Also enter this amount in the 'Taxable Amount' box under the 'Service & Other Activities' classification on the tax return.