



## 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, 2020, 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 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.

#### I. Calculate Apportionable Gross Service Receipts

Enter the total worldwide gross service receipts for your business <sup>1</sup> 1a \$ \_\_\_\_\_

Enter service receipts deductible under BMC 6.04.100 1b \$ \_\_\_\_\_

Total apportionable service receipts (subtract line 1b from line 1a) 1c \$ \_\_\_\_\_

#### II. Calculate Payroll Factor <sup>2</sup>

Enter total Bellingham payroll costs (line 5d on worksheet on page 2) 2a \$ \_\_\_\_\_

Enter the total service payroll for all locations 2b \$ \_\_\_\_\_

Payroll factor (divide line 2a by line 2b) 2c \_\_\_\_\_ %

#### III. Calculate Service-Income Factor

Enter total Bellingham service receipts (line 6d on worksheet on page 2) 3a \$ \_\_\_\_\_

Enter the total worldwide gross service receipts (line 1a) less excludable income <sup>3</sup> 3b \$ \_\_\_\_\_

Service income factor (divide line 3a by line 3b) 3c \_\_\_\_\_ %

#### IV. Calculate City Taxable Service Receipts

Apportionment factor numerator (add lines 2c & 3c) 4a \_\_\_\_\_ %

Apportionment factor (Divide line 4a by the number 2) <sup>2</sup> 4b \_\_\_\_\_ %

Bellingham taxable service receipts (multiply line 1c by line 4b) 4c \$ \_\_\_\_\_

Enter line 4c on your tax return in the 'Taxable Amount' box under 'Service & Other Activities'

1: Exclude royalties or other intangibles.

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

3: See worksheet on page 2 for more information.

#### ATTACH COMPLETED SCHEDULE TO TAX RETURN

Mail 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) 778-8010.

Business Name

Date

Reporting Period

Registration #



## Instructions & Worksheet for Service Income Apportionment Schedule

### V. Total City of Bellingham Payroll Costs

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

Compensation for employee(s) primarily assigned in Bellingham 5a \$ \_\_\_\_\_

Compensation for employee(s) who are not primarily assigned to any place of business for the tax period, and that employee performs 50% or more of their service for the tax period in Bellingham 5b \$ \_\_\_\_\_

Total payroll for employee(s) not primarily assigned to any place of business for the tax period, and the individual does not perform 50% or more of their service in any city, but that person resides in Bellingham 5c \$ \_\_\_\_\_

Total City of Bellingham payroll costs (add lines 5a, 5b, and 5c) 5d \$ \_\_\_\_\_

### VI. Service-Income Factor

*Enter the in-Bellingham Service gross receipts; receipts are in the Bellingham if the customer location is in Bellingham*

"Customer Location" in Bellingham means the following:

(a) For a customer not engaged in business, if the service requires the customer to be physically present  
(i) The service is performed in Bellingham 6a(i) \$ \_\_\_\_\_

(b) For a customer not engaged in business, if the service does not require customer to be physically present:  
(i) The customer's residence is in Bellingham 6b(i) \$ \_\_\_\_\_

(ii) If the customer's residence is not known, the customer's billing/mailling address is in Bellingham 6b(ii) \$ \_\_\_\_\_

(c) For a customer engaged in business:  
(i) The services are ordered from Bellingham 6c(i) \$ \_\_\_\_\_

(ii) If services order location is not known, the customer's billing/mailling address is in Bellingham 6c(ii) \$ \_\_\_\_\_

(iii) If none of the above are known, the customer's commercial domicile is in Bellingham 6c(iii) \$ \_\_\_\_\_

Total City of Bellingham receipts (add lines 6a, 6b(i-ii), and 6c(i-iii)) 6d \$ \_\_\_\_\_

### VI. Excludible Income

*"Excludible income" or "excluded income" means income that is sourced to a customer location where the taxpayer is not subject to a business activities tax in the city or unincorporated county of the customer location and at least some of the activity is performed in the City. However, a taxpayer will be considered to be taxable in a city or county within the United States (or foreign country) in which it would be deemed to conduct sufficient business activities in the customer location to be subjected to the taxing jurisdiction of that city or county under the standards established for interstate commerce under the commerce clause of the United States Constitution.*