4th Quarter 2024 PAYROLL EXPENSE TAX REPORTING FORM

The payroll expense tax is due and payable on a quarterly basis. This worksheet is intended to assist taxpayers to determine the amount to report on the fourth-quarter return.

Step 1 Annual Employee Compensation	Current Year Payroll Expense Tax Due				
	Column A Payroll Expense Total	Column B Deduction	Column C Taxable Amount	Column D Tax Rate ❶	Column E Tax Due
Payroll expense of employees with annual compensation of $182,385 but less than $486,359					
Payroll expense of employees with annual compensation of $486,359 or more					
Total Tax Due					

The payroll expense tax rates are applied to the total annual compensation paid in Seattle of employees with annual compensation of $182,385 or more. ❶

Step 2 Calendar Quarter	Payroll Expense Tax Paid			
	Quarter 1 (Jan 1 - Mar 31)	Quarter 2 (Apr 1 - Jun 30)	Quarter 3 (Jul 1 - Sep 30)	Total
Payroll expense tax paid for Quarters 1, 2, and 3. *				

* For quarters one, two, and three, the taxpayer may use the Seattle payroll expense in the prior calendar year to arrive at an estimated amount to report in each quarter.

Step 3	Payroll Expense Tax Reconciliation Calculation			
Column A Annual Payroll Expense Tax Due (Part 1, Column E Total)	Column B Taxes Paid on prior Returns (Total from Step 2)	Column C Tax Balance Due (A-B)	Column D Input the rate for the compensation with the greatest payroll expense (See Table 1, p. 2)	Column E Total Compensation to Report on Q4 Return (C / D)

Worksheet Directions

Step 1

Column A:	Enter your total payroll expense in Seattle for the complete calendar year.
Column B:	If eligible, deduct the total payroll expense for eligible Non-profit Healthcare Entity employees.
Column C:	Subtract the amount in Column B from the amount in Column A and enter the result in Column C.
Column D:	Enter the appropriate Payroll Expense Tax Rate based on the Total Seattle Payroll Expense (refer to Table 1 below).
Column E:	Multiply the amount in Column C by the tax rate in Column D.

Step 2

Enter the payroll expense tax amounts paid in quarters one, two, and three and input the sum in the Total column.

Step 3

Column A:	Enter your total payroll expense tax due from Part 1 Column (E) above.
Column B:	Enter the total tax paid in quarters 1 through 3 from Part 2.
Column C:	Subtract the amount in Column B from the amount in Column A and enter the result in Column C. This is the total 4th quarter tax payment due. If the amount in Column C is positive, continue completing Columns D and E. If the amount in Column C is negative, the estimated payroll expense paid in Quarters 1, 2, and 3 (Column B) is more than the total Seattle payroll expense tax due for the year (Column A). **Do not continue the worksheet.** The previously filed quarterly return may be amended to obtain a refund for the overpaid payroll expense for the current year and the 4th quarter Payroll Expense Tax Return should be filed zero.
Column D:	Input the tax rate from Table 1. To determine your rate, first find your Tier (1, 2 or 3) based on your total annual Seattle compensation. Next, determine your Row (1 or 2) based on the larger taxable amount reported in Step 1, Column C of this worksheet. The Tier and Row cross-section is your rate. **For example**, if a business with total annual compensation in 2024 had less than $121,589,724 in total annual compensation paid in the city to employees and $2,000,000 of compensation paid in the city was to employees with annual compensation of $182,385 but less than $486,359 and $2,500,000 of compensation was paid in the city to employees with annual compensation of $486,359 or more; the tax rate in Column D would be 0.01811 (1.811%)
Column E:	Divide the amount in Column C by the rate in Column D to arrive at the estimated payroll expense to enter on your fourth quarter return. Enter the amount determined in Column E on your 4th Quarter return under the annual compensation Tier that corresponds to the rate in Column D.

❶ Table 1 - Payroll Expense Tax Rates 2024

2024 Total Annual Seattle Compensation is (see Tiers):	Tier 1 Less than $121,589,724	Tier 2 $121,589,724 but less than $1,215,897,244	Tier 3 $1,215,897,244 or greater
Annual compensation $0 - $182,384.99	N/A	N/A	N/A
Annual compensation $182,385 to $486,358.99 (Row 1)	0.00746	0.00746	0.01492
Annual compensation $486,359 or more (Row 2)	0.01811	0.02024	0.02557

Seattle
Office of City Finance

Q4-2024

CITY OF SEATTLE - PAYROLL EXPENSE TAX RETURN
To file this form electronically please go to: www.FileLocal-wa.gov

Business Legal Name

Customer Number or UBI-16

Method of Filing (Select One - Required)

Primarily Assigned Method ☐
Hours Method ☐
If no selection is made, the default is the Primarily Assigned Method

The tax rates are based on the amount of the business' annual Seattle-based payroll expense in the current calendar year and the amount of annual employee compensation of at least $182,385. There are three (3) tiers to select from based on the business' total annual payroll expense. **Please only complete the applicable section.**

Tier 1: Current Year Annual Seattle Payroll Expense Less Than $121,589,724

Column A Annual Employee Compensation	Column B Payroll Expense Total	Column C Deduction *	Column D Taxable Amount	Column E Tax Rate	Column F Tax Due
$182,385 - Less than $486,359				x 0.00746	
$486,359 or more				x 0.01811	

Tier 2: Current Year Annual Seattle Payroll Expense is $121,589,724 Or More, But Less Than $1,215,897,244

Column A Annual Employee Compensation	Column B Payroll Expense Total	Column C Deduction *	Column D Taxable Amount	Column E Tax Rate	Column F Tax Due
$182,385 - Less than $486,359				x 0.00746	
$486,359 or more				x 0.02024	

Tier 3: Current Year Annual Seattle Payroll Expense $1,215,897,244 Or More

Column A Annual Employee Compensation	Column B Payroll Expense Total	Column C Deduction *	Column D Taxable Amount	Column E Tax Rate	Column F Tax Due
$182,385 - Less than $486,359				x 0.01492	
$486,359 or more				x 0.02557	

*Deduction: Taxpayers that are non-profit healthcare entities may deduct from the measure of the tax the payroll expense of employees with annual compensation of $182,385-$486,358.99. See SMC 5.38.020 for definition of "non-profit healthcare entity".

Total Tax Due:		$.
Penalty Due:	Returns must be filed and taxes paid by the due date or penalties shall apply. See back of form for rates.	$.
Interest Due:	Returns filed after the due date will accrue interest. Contact our office for information about rates.	$.
	Total to be Paid:	$.

Changes to your business information should be requested by calling (206) 684-8484 or by emailing tax@seattle.gov

How to Prepare your Payroll Expense Tax Return

Column A: Taxable Annual Employee Compensation*

Column B: Enter your total payroll expense for Seattle for this tax period.

Column C: If eligible, deduct the total payroll expense for employees with annual compensation of $182,385 to $486,358.99.

Column D: Subtract the amount in column C from the amount in column B and enter the result in column D

Column F: Multiply the amount in column D by the tax rate shown in Column E and enter the result in Column F.

Totals: Drop down result from Column F to Total Tax Due. If filing after the due date add applicable penalty/interest and add to Total to be Paid.

*The payroll expense tax is on payroll expense attributable to employees whose annual compensation is $182,385 or more in the current calendar year.

This threshold amount may change with inflation based on the CPI-U Index each year.

Online Reporting

This form can be filed online at www.filelocal-wa.gov. There is a fee to file electronically.

Report by Mail

Make check payable to **City of Seattle**. Payments must be sent with the tax return when tax is due. Forms received without payment will not be considered "received" if taxes are owed. Late penalties and interest shall apply if either the form or check are postmarked after the due date.

Late Penalties

A form with any tax due must be received by the due date to avoid late penalty. If received after the due date penalty shall apply as follows:

> Nine percent (9%) of the tax due if postmarked after the due date; or

> Nineteen percent (19%) of the tax due if postmarked after the last day of the month following the due date; or

> Twenty-nine percent (29%) of the tax due if postmarked after the last day of the second month following the due date.

Questions?

If you have any questions, please email tax@seattle.gov or contact us by phone at 206-684-8484. Please have your customer number
 ready when you call, or include it in your email to us.

For more information about this tax, visit: seattle.gov/city-finance/business-taxes-and-licenses/seattle-taxes/payroll-expense-tax

If this business is no longer operating because it was closed, if it was sold, its legal entity changed, or it discontinued this activity, please provide this info:	Per SMC 5.55.040B - A signature is required on this return. The undersigned swears or affirms that all information in this return is true and complete.
Reason: _____	Signature: _____ Date: _____
Effective Date: _____	Printed Name: _____
New Owner (if applicable): _____	Contact Phone: _____
New Owner address: _____	Email : _____

Payroll Expense Tax Form for Q4-2024 - v.9-2024