

Payroll Expense Tax (SMC 5.38)

City of Seattle Tax Training



City of Seattle Payroll Expense Tax Training

- What is the Payroll Expense Tax?
- Payroll Expense and Compensation
- Who is an Employee?
- Compensation Paid in Seattle
 - Primarily Assigned Method
 - Hours Method
- CPI Adjustment
- Tax Rate Structure
- Tax Exemptions
- Non-Profit Healthcare Entities
- When is the Tax Due?
- How is the Tax Reported and Paid?
- Payroll Expense Tax Reconciliation Worksheets



An Excise Tax Imposed Upon Business

- The Seattle Payroll Expense Tax is an excise tax imposed upon persons engaging in business within the city.
- The Payroll Expense Tax is measured by the payroll expense of the business.
- The Payroll Expense Tax defines “payroll expense” as “compensation paid in Seattle to employees.”



The Payroll Expense Tax Definition of Employee

- Any person that performs work, labor, or personal services of any nature for compensation is an employee.
- Employee includes owners of passthrough entities who perform services for the business. Employees include
 - Members of LLCs,
 - Partners in partnerships,
 - Owners of other pass-through entities, and
 - Sole proprietors
- Employee includes individual independent contractors (unless exempt—an exempt IC is an individual whose compensation is included in the payroll expense of another business).



Payroll Expense “Compensation” = Remuneration

Under the WA Family Medical Leave Act

- The name by which employee compensation is designated is immaterial and includes all payments for personal services, including commissions and bonuses and the cash value of all earnings paid in any medium other than cash.

“Compensation” includes		“Compensation” does not include
Employee contributions to deferred compensation plans		Payments to an owner of a pass-through entity that are not earned for services rendered or work performed, such as return of capital, investment income, or other income from passive activities.
Net distributions	earned for services rendered or work performed	Tips
Incentive payments		Employer contributions to retirement or disability plans
Guaranteed payments		Employee exercised stock options
The value of stocks at the time of transfer to an EE if part of a compensation package (stock grants, RSUs)		

Payroll Expense and Compensation

Net distributions:

- Draws from net income attributable by an owner of a pass-through entity.
- Taxable distributions limited to the amount of draws or net income for that owner, whichever is less.
- Example: If the owner of a pass-through entity takes draws of \$400,000 in the calendar year, but the net income attributable to that owner is \$300,000 for the year, the compensation amount is \$300,000.



Compensation Paid In Seattle

- “Payroll expense” = compensation paid in Seattle to employees.
- To determine payroll expense, businesses may use either:
 - The “hours method”, or
 - The “primarily assigned method”
- Taxpayers must make the election on the 1st return filed for that year.
 - If no method selected, then the primarily assigned method is presumed to be used.
 - Same method applies to all employees for the entire tax year.



When is compensation paid in Seattle?

Two methods to determine Seattle payroll expense

I. Primarily Assigned

“Primarily assigned” means the business location of the taxpayer where the employee performs their duties for the tax period.

Compensation paid in Seattle is determined by three cascading criteria:

1. The employee is primarily assigned in Seattle;
2. The employee is not primarily assigned in any city but performs 50% or more of their services in Seattle during the tax period; or
3. The employee is not primarily assigned to any place of business and does not perform 50% or more of their services in any city, but the employee resides in Seattle.



Primarily Assigned-Examples 1 & 2

- Company A has an office in Seattle. John is an employee of Company A and works in Company A's Seattle office three days a week.
 - John is primarily assigned to Seattle and compensation paid to John is paid in Seattle because more than 50% of John's duties are performed at Company A's business location in Seattle.
- Company B has an office in Bellevue. Sarah is an employee of Company B and works in Company B's Bellevue office two days per week. Sarah works from her home in Seattle the other three days per week.
 - Sarah is not primarily assigned to Company B's office in Bellevue. Sarah performs 50% or more of her services from her home in Seattle, therefore compensation paid to Sarah is paid in Seattle.



Primarily Assigned Example 3

- Company C has an office in Seattle. Jack is an employee of Company C and spends one day a week in the Seattle office. Jack spends most of his time traveling visiting clients in different cities. Jack resides in Seattle.
 - Jack is not primarily assigned to any office.
 - Jack does not perform 50% or more of his services in any one city.
 - However, Jack resides in Seattle.
 - Therefore, compensation paid to Jack is paid in Seattle. Jack is not primarily assigned to any place of business, he does not perform 50% of his duties in any other city, and Jack resides in Seattle.



When is compensation paid in Seattle?

Two methods to determine Seattle payroll expense

II. Hours Method

- A. 100% of the compensation paid to employees that work exclusively in Seattle; and
- B. For employees who work partly within and partly outside Seattle, employee's annual compensation multiplied by the total number of the employee's hours worked in Seattle over the total number of the employee's hours worked everywhere.

$$\frac{\text{Hours Worked in Seattle}}{\text{Total Hours Worked Everywhere}} \times \text{Annual Compensation} = \text{Compensation Paid In Seattle}$$

Assumes 1,920 EE hours worked everywhere

If EE hours exceed 1,920 annually ER must document actual hours worked.

Hours Method-Example 4

Beta Corp elects to use the Hours Method to determine compensation paid in Seattle. All of Beta Corp's employees work exclusively in Seattle for the tax period except for employee M. Employee M works partly in and partly outside Seattle. In 2025, employee M worked 770 hours in Seattle and the remaining hours were worked outside Seattle. Therefore, 40% of employee M's annual compensation is paid in Seattle.

770 (hours worked in Seattle)

1920 (hours worked
everywhere

X

Employee M's Annual
Compensation

=

Employee M's Seattle
Compensation

(calculated as a %) = 40%

Compensation paid to all other Beta Corp employees is paid in Seattle because they worked exclusively in Seattle.



CPI Adjustment

- On January 1, 2022, and on January 1 of every year thereafter, the payroll expense tax is adjusted for CPI linked inflation.

	2022	2023	2024	2025
SMC 5.38.040.A.1: Prior year exemption	\$7,386,494	\$8,135,746	\$8,511,281	\$8,837,302
	2022	2023	2024	2025
SMC 5.38.030: Employer payroll expense	\$105,521,339	\$116,224,938	\$121,589,724	\$126,247,176
	\$1,055,213,392	\$1,162,249,382	\$1,215,897,244	\$1,262,471,758
	2022	2023	2024	2025
SMC 5.38.030: Employee annual compensation	\$158,282	\$ 174,337	\$182,385	\$189,371
	\$ 422,085	\$ 464,900	\$486,359	\$504,989
	2022	2023	2024	2025
SMC 5.38.045: Non-profit healthcare entity deduction	\$150,000	\$150,000	\$182,385	\$189,371
	\$399,999.99	\$399,999.99	\$486,359	\$504,989

Seattle Payroll Expense Tax Thresholds

Year	Total Seattle Payroll Expense	At Least One Employee With Annual Compensation of
2025	\$8,837,302 or more in 2024	\$189,371 or more in 2025
2024	\$8,511,281 or more in 2023	\$182,385 or more in 2024
2023	\$8,135,746 or more in 2022	\$174,337 or more in 2023
2022	\$7,386,494 or more in 2021	\$158,282 or more in 2022
2021	\$7 million or more in 2020	\$150,000 or more in 2021



The Seattle Payroll Expense Tax Rates

Tax Year 2025	Seattle Payroll Expense of Person Engaging In Business		
Annual Employee Compensation	Less than \$126,247,176 million	\$126,247,176 million but less than \$1,262,471,758	\$1,262,471,758 or greater
\$0- less than \$189,371	N/A	N/A	N/A
\$189,371 – less than \$504,989	Rate = 0.746%	Rate = 0.746%	Rate = 1.492%
\$504,989 or more	Rate = 1.811%	Rate = 2.024%	Rate = 2.557%



Example 5 (2025 tax year)

Company A has employees in Seattle. In the prior year, Company A had \$9 million of Seattle payroll expense and \$10 million of Seattle payroll expense in the current year. Company A elected to use the Primarily Assigned Method for determining compensation paid in Seattle. In the current year, Company A has 55 employees that earn \$100,000 per year, 10 employees that earn \$200,000 per year, and 5 employees that earn \$600,000 per year.

Company A's current year Seattle Payroll Expense Tax would be:

COMPANY A					
Payroll in Seattle (Prior Year)		\$ 9 Million			
Payroll in Seattle (Current)		\$ 10.5 Million			
Compensation	# of Emp.	Annual Salary	Payroll Exp	Rate	Tax
\$0 - \$189,371	55	\$100,000	\$5,500,000	N/A	\$0
\$189,371 - \$504,989	10	200,000	2,000,000	0.746%	14,920
\$504,989 and greater	5	600,000	3,000,000	1.811%	54,330
TOTAL	70		\$10,500,000		\$69,250

Example 6 (2025 tax year)

Company C has 6,960 employees in Seattle. In the prior year, Company C had \$1.3 billion of Seattle payroll expense and \$750 million of Seattle payroll expense in the current year. Company C has elected to use the Primarily Assigned Method for determining compensation paid in Seattle. In the current year, Company C has 6,600 employees that earn \$100,000 per year, 300 employees that earn \$200,000 per year, and 60 employees that earn \$600,000 per year.

Company C's current year Seattle Payroll Expense Tax would be:

COMPANY C					
Payroll in Seattle (Prior Year)		\$1.3 billion			
Payroll in Seattle (Current)		\$756 million			
Compensation	# of Emp.	Annual Salary	Payroll Exp	Rate	Tax
\$0 - \$189,371	6,600	\$100,000	\$660,000,000	N/A	\$0
\$189,371 - \$504,989	300	200,000	60,000,000	0.746%	\$447,600
\$504,989 and greater	60	600,000	36,000,000	2.024%	\$728,640
TOTAL	6960		\$756,000,000		\$1,176,240

Example 7 (2025 tax year)

Alpha Corp had \$9 million in total employee compensation in the prior year and has elected to use the Hours Method to determine compensation paid in Seattle in the current year. Alpha Corp had 30 employees with annual compensation of \$200,000 and each of these employees worked 960 hours or 50% of their hours in Seattle. Alpha Corp had 5 employees with annual compensation of \$650,000 and each of these employees worked 1,536 hours or 80% of their hours in Seattle. The remaining \$3,500,000 of Alpha Corp's total compensation paid was earned by employees making less than \$189,371 and they worked exclusively in Seattle during the tax period.

Employees who worked exclusively in Seattle: The amount of compensation paid in Seattle is 100% of the compensation paid to employees who worked exclusively in Seattle.

Compensation earned by employees making less than \$189,371 = \$3,500,000

Employees who worked partly in and partly outside in Seattle:

30 employees with annual compensation of \$200,000

Compensation Paid in Seattle = $\$200,000 \times 960/1,920$ (50%) = \$100,000 per employee

Total Comp Paid in Seattle = $\$100,000 \times 30$ employees = \$3,000,000



Example 7 (2025 tax year) (continued)

Employees who worked partly in and partly outside Seattle

5 employees with annual compensation of \$550,000

Compensation Paid in Seattle = $\$550,000 \times 1,536/1,920$ (80%) = \$440,000 per employee

Total Comp Paid in Seattle = $\$440,000 \times 5$ employees = \$2,200,000

ALPHA CORP				
Payroll in Seattle (Prior Year)		\$ 9 Million		
Payroll in Seattle (Current)		\$ 8.7 Million		
Compensation	Annual Salary	Payroll Exp	Rate	Tax
\$0 - \$189,371	\$3,500,000	\$3,500,000	N/A	\$0
\$189,371 - \$504,989	\$6,000,000	\$3,000,000	0.746%	\$22,380
\$504,989 and greater	\$2,750,000	\$2,200,000	1.811%	\$39,842
TOTAL	\$12,250,000	\$8,700,000		\$62,222



Seattle Payroll Tax Exemptions

Grocery Businesses	Entities The City May Not Tax
• Retail & wholesale businesses who have at least 70% of the gross income from the retail sales of food and food ingredients exempt from retail sales tax when sold to a consumer.	• Federal, state and local governments and subsidiaries. • Insurance businesses and their appointed insurance producers. • Businesses that only sell motor vehicle fuel. • Businesses that only sell liquor.
• <u>Individual</u> independent contractors whose compensation is included in the payroll expense of another business (See definition of employee).	

Deduction: Nonprofit Healthcare Entities

Tax Years 2021-2023

- Qualified Nonprofit healthcare entities may deduct
- Payroll expense
- Of employees whose annual compensation =
- \$150,000 - \$399,999.99

Tax Years 2024-forward

- Qualified Nonprofit healthcare entities may deduct
- Payroll expense
- Of employees whose annual compensation =
- \$150,000 - \$399,999.99 + CPI adjustment as calculated like all other Payroll Expense Tax CPI adjustments

2024 \$182,382-\$486,359

2025 \$189,371-\$504,989



Deduction: Nonprofit Healthcare Entities

“Non-profit healthcare entity” means:

- A Non-profit entity that provides comprehensive healthcare services, including primary and specialty care, and other non-profit health care entities that provide at least 50 percent of their services to patients covered by Apple Health and TRICARE;
- Non-profit entities that conduct life sciences R&D; or
- A capitated provider group operated by a fully non-profit carrier licensed under chapter 48.44 or 48.46 RCW.



When is the Tax Due?

- The tax for 2021 was not due until **Jan. 31, 2022** – *the due date of the 2021 fourth quarter.*
- After 2021, the tax is due and payable on a quarterly basis – same as the Business License tax.
 - If taxes are reported by a taxpayer more than once per year, taxpayers may use the prior calendar year payroll expense to estimate reporting for the first 3 quarters and “true-up” reporting on the fourth quarter return.



How is the Tax Reported and Paid?

- **Online:** <https://www.filelocal-wa.gov/>
 - Payment Options: MC, VS, and ACH debit.
 - Electronic filing requires electronic payment.

OR

- **Manual:** Downloadable form
 - <https://www.seattle.gov/city-finance/business-taxes-and-licenses/seattle-taxes/payroll-expense-tax>
 - Manual filing requires manual payment. A paper check will need to be submitted.
- **Payroll Processor Submissions:**
 - Business authorization required



Need to get a city business license or pay local business taxes like B&O?

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SIGN IN

☐ Remember Username

BEFORE YOU GET STARTED

Create a business account to register your business, file returns, and pay local B&O taxes.

CREATE BUSINESS ACCOUNT

[View the Taxpayer Quick Start Guide](#)

Create a tax preparer account to file returns for multiple clients (example: CPAs and accounting firms).

CREATE TAX PREPARER ACCOUNT

[Learn more about Preparer Accounts](#)



Des Moines WA
The Waterland City



FileLocal is Washington cities' one-stop, online tax filing portal.

Using FileLocal, persons engaging in business in multiple cities can file electronic returns and pay city taxes online.

FileLocal Registration – What is Needed?

- Seattle account number and/or State of Washington UBI number.
- Businesses can locate these identification numbers on our website:
<https://www.seattle.gov/city-finance/business-taxes-and-licenses/find-a-licensed-business>
- Example:

Legal Name: **2018 FILELOCAL TEST ACCOUNT**
Trade Name: **DBA FILELOCAL TEST ACCOUNT TEST**
Seattle Business License Tax Certificate Number: **826781**
UBI Number: **0008267810740905**
City Account Number: **0008267810740905**
Address: **700 5TH AVE SEATTLE, WA 98104-5058**
Phone: **(206) 684-8484**
NAICS: **541611, Administrative Management and General Management Consulting Services**
License types:
BUSINESS LICENSE Renewal Date: **12/31/2017**
COMMERCIAL PARKING Renewal Date: **12/31/2018**
- Each business must file their own separate return. Bulk filings are not available.

Manual Filing: Paper Form Example (2025)

Illustrative Purposes Only

Tier 1: Current Year Annual Seattle Payroll Expense Less Than \$126,247,176

<u>Column A</u> Annual Employee Compensation	<u>Column B</u> Payroll Expense Total	<u>Column C</u> Deduction *	<u>Column D</u> Taxable Amount	<u>Column E</u> Tax Rate	<u>Column F</u> Tax Due
\$189,371 - Less than \$504,989				x 0.00746	
\$504,989 or more				x 0.01811	

Tier 2: Current Year Annual Seattle Payroll Expense is \$126,247,176 Or More, But Less Than \$1,262,471,758

<u>Column A</u> Annual Employee Compensation	<u>Column B</u> Payroll Expense Total	<u>Column C</u> Deduction *	<u>Column D</u> Taxable Amount	<u>Column E</u> Tax Rate	<u>Column F</u> Tax Due
\$189,371 - Less than \$504,989				x 0.00746	
\$504,989 or more				x 0.02024	

Tier 3: Current Year Annual Seattle Payroll Expense \$1,262,471,758 Or More

<u>Column A</u> Annual Employee Compensation	<u>Column B</u> Payroll Expense Total	<u>Column C</u> Deduction *	<u>Column D</u> Taxable Amount	<u>Column E</u> Tax Rate	<u>Column F</u> Tax Due
\$189,371 - Less than \$504,989				x 0.01492	
\$504,989 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 \$189,371 to \$504,989. 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:	\$	.



Q4 2025 Reconciliation Example: Tax Due

Step 1 Current Year Payroll Expense Tax Due					
Annual Employee Compensation	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 \$189,371 but less than \$504,989	\$4,250,321		\$4,250,321	0.746%	\$31,707.39
Payroll expense of employees with annual compensation of \$504,989 or more	\$2,576,470		\$2,576,470	1.811%	\$46,659.87
Total Tax Due					\$78,367.26

The payroll expense tax rates are applied to the total annual compensation paid in Seattle of employees with annual compensation of \$189,371 or more. ❶

Step 1 = Determine Payroll Expense Tax Due for the 2025 calendar year

Step 2 Payroll Expense Tax Paid				
Calendar Quarter	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. *	\$16,075.54	\$16,075.54	\$16,075.54	\$48,226.62

* 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 2 = Determine Payroll Expense Tax paid Q1, Q2 and Q3

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)
\$78,367.26	\$48,226.62	\$30,140.64	0.746%	\$4,040,300.27

Step 3 = reconciliation calculation identifying 2025 tax balance due and total compensation to Report on Q4 return



Q4 2025 Reconciliation Example: Tax Due

Tier 1: Current Year Annual Seattle Payroll Expense Less Than \$126,247,176

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
\$189,371 - Less than \$504,989	\$4,040,300.27		\$4,040,300.27	x 0.00746	\$30,140.64
\$504,989 or more				x 0.01811	

Tier 2: Current Year Annual Seattle Payroll Expense is \$126,247,176 Or More, But Less Than \$1,262,471,758

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
\$189,371 - Less than \$504,989				x 0.00746	
\$504,989 or more				x 0.02024	

Tier 3: Current Year Annual Seattle Payroll Expense \$1,262,471,758 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
\$189,371 - Less than \$504,989				x 0.01492	
\$504,989 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 \$189,371 to \$504,989. See SMC 5.38.020 for definition of "non-profit healthcare entity".

Total Tax Due:	\$30,140.64
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:	\$30,140.64

Payroll Expense Tax
balance due from step 3
column C

2025 tax balance due



Q4 2025 Reconciliation Example: Overpayment

Step 1 Current Year Payroll Expense Tax Due					
Annual Employee Compensation	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 \$189,371 but less than \$504,989	\$3,050,321		\$3,050,321	0.746%	\$22,755.39
Payroll expense of employees with annual compensation of \$504,989 or more	\$1,076,470		\$1,076,470	1.811%	\$19,494.87
Total Tax Due					\$42,250.26

The payroll expense tax rates are applied to the total annual compensation paid in Seattle of employees with annual compensation of \$189,371 or more. ❶

Step 2 Payroll Expense Tax Paid				
Calendar Quarter	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. *	\$16,075.54	\$16,075.54	\$16,075.54	\$48,226.62

* 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)
\$42,250.26	\$48,226.62	(\$5,976.36)	0.746%	\$00.00

Step 1 = Determine Payroll Expense Tax Due for the 2025 calendar year

Step 2 = Determine Payroll Expense Tax paid Q1, Q2 and Q3

Step 3 = reconciliation calculation identifying 2025 tax balance due and total compensation to Report on Q4 return



Q4 2025 Reconciliation Example: Overpayment

Q3 2025 As-Filed Return
(input in Q3 2025
reconciliation worksheet
step 2)

Tier 1: Current Year Annual Seattle Payroll Expense Less Than \$126,247,176

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
\$189,371 - Less than \$504,989	\$872,060.32		\$872,060.32	x 0.00746	\$6,505.57
\$504,989 or more	\$528,435.67		\$528,435.67	x 0.01811	\$9,569.97

Tier 2: Current Year Annual Seattle Payroll Expense is \$126,247,176 Or More, But Less Than \$1,262,471,758

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
\$189,371 - Less than \$504,989				x 0.00746	
\$504,989 or more				x 0.02024	

Tier 3: Current Year Annual Seattle Payroll Expense \$1,262,471,758 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
\$189,371 - Less than \$504,989				x 0.01492	
\$504,989 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 \$189,371 to \$504,989. See SMC 5.38.020 for definition of "non-profit healthcare entity".

Total Tax Due:	\$16,075.54
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:	\$16,075.54



Q4 2025 Reconciliation

Example: Overpayment

Q3 2025 Amended Return

Q3 as filed tax paid = \$16,075.54
 Q3 total tax due - \$10,099.18
 Refund due = \$5,976.36

Tier 1: Current Year Annual Seattle Payroll Expense Less Than \$126,247,176

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
\$189,371 - Less than \$504,989	\$476,419.57 \$872,060.32		\$476,419.57 \$872,060.32	x 0.00746	\$3,554.09 \$6,505.57
\$504,989 or more	\$361,407.51 \$528,435.67		\$361,407.51 \$528,435.67	x 0.01811	\$6,545.09 \$9,569.97

Tier 2: Current Year Annual Seattle Payroll Expense is \$126,247,176 Or More, But Less Than \$1,262,471,758

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
\$189,371 - Less than \$504,989				x 0.00746	
\$504,989 or more				x 0.02024	

Tier 3: Current Year Annual Seattle Payroll Expense \$1,262,471,758 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
\$189,371 - Less than \$504,989				x 0.01492	
\$504,989 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 \$189,371 to \$504,989. See SMC 5.38.020 for definition of "non-profit healthcare entity".

Total Tax Due: \$10,099.18

Total Tax Due:	\$16,075.54
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:	\$16,075.54
Refund Due:	\$5,976.36

Register for City of Seattle Tax Updates

www.seattle.gov/city-finance/

The screenshot shows a web browser window with the City of Seattle website. The left sidebar is expanded, showing the 'City Finance' section. A blue arrow points from the 'Newsletter Updates' link in the sidebar to the 'Email Updates' form on the right. The form includes a text input field for 'Email Address', 'Submit' and 'Cancel' buttons, and a privacy notice. The bottom of the page shows a Windows taskbar with various application icons and a system tray with weather and time information.

City Finance
Jamie Carnell, Interim Director
Address: [700 Fifth Ave., 4th Floor, Seattle, WA, 98104](#)
Mailing Address: P.O. Box 34214, Seattle, WA, 98124-4214
Phone: [\(206\) 684-8484](tel:(206)684-8484)
Email: tax@seattle.gov
Hours: 8:30 a.m.-4 p.m.

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