



CITY OF SEATTLE

Preparing for Seattle's Payroll Expense Tax

Seattle's new JumpStart Tax applies to businesses operating in Seattle with at least \$7 million in annual payroll and on employee compensation greater than \$150,000 p/a. It is expected to raise over \$200 million for the city in 2021.

This local tax only applies to the payroll of employees who live or work in Seattle. If 50% or more of an employee's work occurs in Seattle, and that employee makes more than \$150,000 per year, that salary would be subject to the tax. Payroll for employees who reside in Seattle, but are not "assigned" to work in another city would also be subject to the tax.

Because of the location component of the JumpStart Tax, the implications for distributed workforces could be significant. With Topia Compass, you have the potential to avoid significant tax overpayments and penalties, and avoid lengthy and costly audits by providing high accuracy and audit-proof data on employee work location.

Seattle JumpStart Tax - Fast Facts

For companies with Annual Payroll of at least \$7 million:

- 0.7% tax on the payroll of employees with annual compensation between \$150,000 - \$399,999 will apply
- 1.7% tax on the payroll of employees with annual compensation of \$400,000 or more

Tax rates increase at \$100 million and \$1 billion - annual payroll thresholds

Compensation is considered paid to an employee in Seattle if any of the following three requirements are met:

- the employee is "primarily assigned" within Seattle
- the employee performs 50% or more of their service in Seattle
- the employee does not perform 50% or more of their service in any city, however the employee resides in Seattle

How Topia Can Help

- Provide you with the best-in-class remote and distributed workforce compliance management solution
- Reliable and high-accuracy record-keeping for your workforce location (travel & expense data, VPN, calendar, GPS)
- Integration with leading local tax and legal firms
- Quickly provide reports so you can assess city tax exposure based on historical & current data
- Advanced audit-proof reporting capabilities, available instantly (workforce-wide & employee-specific)
- Intuitive, consumer-grade interface that doesn't require advanced tax/finance or legal expertise

Connect with us

We are ready to conduct a 30-minute analysis of your specific situation, demonstrate the immediate returns you can achieve on business tax returns, and have you operational within weeks.

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Request a demo: <https://www.topia.com/request-a-demo>
More Information: www.topia.com
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Key Benefits



Avoid overpaying on Seattle's new payroll expense tax



Adapt to distributed workforces as the "new normal"



Go live within weeks

Example Tax Savings w/ Remote Work

- 50 Employees at \$150K compensation
- Payroll Expense: \$7.5M/Year
- JumpStart Tax Pre-Topia: \$525,650
- 25 employees work outside Seattle >50% of time

Outcomes Post Topia

- Tax Overpayment Avoided: ~\$262,500
- Audit-Ready
- Productivity Gains

"Organizations in the greater Seattle area should pay particular attention to the extent that work location drives the application of the JumpStart Tax just as much as payroll and compensation. Taxpayers can realize substantial tax savings by identifying work performed outside of the city limits. Technology-based solutions can help organizations do this at scale and protect in event of audits."

- Nicole Bryant, Principal, Grant Thornton