

5.37.020 Definitions The definitions applicable to Chapter 5.38, as in effect on January 1, 2024, shall be fully applicable to this Chapter except as may be expressly stated to the contrary herein.

The following additional definition shall apply throughout this Chapter 5.37: “Excess compensation” means annual compensation to an employee in excess of \$1,000,000.

5.37.040 Tax Imposed – Rate

A. An excess compensation payroll expense tax is hereby levied upon and shall be collected from persons engaging in business within Seattle.

B. The amount of tax due shall be 5% of the excess compensation paid in Seattle for each employee of the taxpayer.

C. The tax imposed by this Chapter is levied on businesses. A business may not make any deductions from the employees’ compensation to pay for this tax.

D. The tax imposed by this Chapter is in addition to the payroll expense tax levied under Chapter 5.38.

5.37.050 Exemptions from the tax

A. The following are exempt from the tax imposed by this Chapter:

1. Any individual who is an independent contractor for purposes of the business license tax under subsection 5.45.090.S and whose excess compensation is included in the tax paid by another business pursuant to Section 5.37.040.

2. Businesses that are preempted from taxation by cities pursuant to federal or state statutes or regulations, including the businesses identified in subsection 5.38.040.A.4, as in effect on January 1, 2024.

5.37.080 When due

A. The tax imposed by this Chapter shall take effect as of January 1, 2025, and shall be due and payable in quarterly installments in accordance with Section 5.55.040.

B. The Director may use discretion to assign businesses to an annual reporting period. Forms for such filings shall be prescribed by the Director. Persons discontinuing their business activities in Seattle shall report and pay the excess compensation payroll expense tax at the same time as they file their final business license tax return under Chapter 5.45.

5.37.090 Tax in addition to other license fees or taxes The tax imposed herein shall be in addition to any license fee or tax imposed or levied under any other law, statute, or ordinance, whether imposed or levied by the City, the State, or other governmental entity or political subdivision.