

**DISTRICT OF COLUMBIA**  
**OFFICIAL CODE**

**TITLE 47.**  
**TAXATION, LICENSING, PERMITS,**  
**ASSESSMENTS, AND FEES.**

**CHAPTER 18.**  
**INCOME AND FRANCHISE TAXES.**

**2001 Edition**

# DISTRICT OF COLUMBIA OFFICIAL CODE

## CHAPTER 18. INCOME AND FRANCHISE TAXES.

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# CHAPTER 18. INCOME AND FRANCHISE TAXES.

*Refs & Annos*

*HISTORICAL AND STATUTORY NOTES*

*Effect of Amendments*

D.C. Law 14-213 made a technical change in item § 47-1806.09b.

*Legislative History of Laws*

For Law 14-213, see notes following § 47-820.

## SUBCHAPTER I. REPEAL OF PRIOR INCOME TAX LAW AND APPLICABILITY OF SUBCHAPTER; GENERAL DEFINITIONS.

### **§ 47-1801.01. REPEAL OF THE DISTRICT OF COLUMBIA INCOME TAX ACT OF 1939 FOR CERTAIN PURPOSES.**

The District of Columbia Income Tax Act of 1939 is hereby repealed with respect to taxable years or portions thereof beginning on and after the first day of January 1947 for all purposes, except the following purposes in connection with taxes due or accrued under said Act:

- (1) For the imposition of assessments and penalties, civil and criminal, for the violation of, or failure to comply with, any provisions of such Act and the regulations prescribed thereunder;
- (2) For requiring the making, filing, and submission of returns and reports required by such Act;
- (3) For the examination of all books, records, and other documents, and witnesses;
- (4) For the assessment and collection of the taxes imposed by such Act and the filing of liens therefor; and
- (5) For the allowance of refunds of overpayments of any taxes assessed under the provisions of such Act.

(July 16, 1947, 61 Stat. 331, ch. 258, art. I, title I, § 1; enacted Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1801.1.

1973 Ed., § 47-1551.

*Temporary Amendments of Section*

For temporary (225 day) prohibition of increase of certain taxes, see § 2 of Economic Recovery Conformity Temporary Act of 1996 (D.C. Law 11-216, April 9, 1997, law notification 44 DCR 2574).

*Emergency Act Amendments*

For temporary prohibition, on an emergency basis, of the increase in the individual income tax, the sales and use tax, and real property tax rates contingent on the enactment of an act of Congress which would reduce the percentage of federal income tax applicable solely to residents of D.C. under the Internal Revenue Code of 1986, see § 2 of the Economic Recovery Conformity Emergency Act of 1996 (D.C. Act 11-377, August 28, 1996, 43 DCR 4797).

## **§ 47-1801.01A. EFFECT OF REPEAL OR AMENDMENT.**

(a) *Existing rights and liabilities.* -- Unless otherwise provided by law, the repeal or amendment of any provision of this chapter shall not affect any act done or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause before such repeal or amendment, but all rights and liabilities under such chapter shall continue, and may be enforced in the same manner and to the same extent, as if such repeal or amendment had not been made.

(b) *Crimes and penalties.* -- All offenses committed, and penalties incurred, under any provision of law repealed or amended, may be prosecuted and punished in the same manner and with the same effect as if the repeal or amendment had not been enacted.

(July 16, 1947, ch. 258, art. I, title I, § 1A, formerly June 11, 1982, D.C. Law 4-118, § 204, 29 DCR 1770; renumbered and amended Oct. 1, 1987, D.C. Law 7-29, § 5, 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1801.1a.

#### *Legislative History of Laws*

Law 4-118, the "District of Columbia Individuals, Estates, and Trusts Federal Conformity Tax Act of 1982," was introduced in Council and assigned Bill No. 4- 148, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on March 9, 1982 and March 23, 1982, respectively. Signed by the Mayor on April 23, 1982, it was assigned Act No. 4-181 and transmitted to both Houses of Congress for its review.

Law 7-29, "D.C. Income and Franchise Tax Conformity and Revision Amendment Act of 1987," was introduced in Council and assigned Bill No. 7-183, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 16, 1987 and June 30, 1987, respectively. Signed by the Mayor on July 17, 1987, it was assigned Act No. 7-51 and transmitted to both Houses of Congress for its review.

## **§ 47-1801.02. APPLICABILITY OF PROVISIONS--TAXABLE YEARS.**

The provisions of this chapter shall apply to the taxable year or part thereof beginning on the 1st day of January 1947 and to succeeding taxable years.

(July 16, 1947, 61 Stat. 331, ch. 258, art. I, title I, § 2; Mar. 24, 1998, D.C. Law 12-81, § 58, 45 DCR 745.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1801.2.

1973 Ed., § 47-1551a.

#### *Legislative History of Laws*

Law 12-81, the "Technical Amendments Act of 1998," was introduced in Council and assigned Bill No. 12-408, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 4, 1997, and December 4, 1997, respectively. Signed by the Mayor on December 22, 1997, it was assigned Act No. 12-246 and transmitted to both Houses of Congress for its review. D.C. Law 12-81 became effective on March 24, 1998.

## **§ 47-1801.03. APPLICABILITY OF PROVISIONS--RETURNS AND PAYMENTS.**

If the taxable year of any person ends on the last day of any month other than December prior to the first day of January 1947, such person shall file his return for such taxable year under the provisions of former subchapter I, and pay the taxes imposed by said sections on his income for such taxable year at the times specified therefor in said sections. Such taxpayer shall also file his return of income, received or accrued, according to his method of accounting, during the period between the last day of such taxable year and the first day of January 1947 under the provisions of former subchapter I, and pay the taxes imposed by said sections on his income for such period at the times specified therefor in said sections. Such portion of such person's income as is received or accrued, according to his method of accounting, during taxable years or parts thereof to which this chapter is applicable shall be reported and taxed under the provisions of this chapter; provided, however, that any person whose taxable year ends subsequent to the first day of



January 1947 may irrevocably elect to file his return of his income for such entire taxable year and pay the taxes imposed thereon under the provisions of this chapter.

(July 16, 1947, 61 Stat. 331, ch. 258, art. I, title I, § 3; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1801.3.

1973 Ed., § 47-1551b.

##### *References in Text*

"Former subchapter I," referred to near the middle of the first and second sentences, means the District of Columbia Income Tax Act of 1939, as amended, which was repealed by 61 Stat. 331, ch. 258, § 1, approved July 16, 1941.

## **§ 47-1801.04. GENERAL DEFINITIONS.**

For the purposes of this chapter, unless otherwise required by the context, the term:

- (1) "Affiliated group" means an affiliated group as defined in section 1504 of the Internal Revenue Code of 1986; provided, that the affiliated group shall not include any corporation that does not have gross income derived from sources within the District.
- (2) "Aggregated effective tax rate" means the sum of the effective rates of tax imposed by the District of Columbia, states, or possessions of the United States, and foreign nations that have entered into comprehensive tax treaties with the United States government, where a related member receiving a payment of interest expense or intangible expense is subject to tax and where the measure of the tax imposed included the payment.
- (3) "Apportioned net operating loss" means the net operating loss generated in the year of the loss multiplied by the District of Columbia's apportionment formula for the loss year.
- (4) "Blind" means a taxpayer whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.
- (5) "Business income" means all income that is apportionable under the Constitution of the United States.
- (6)(A) "Capital asset" means property defined or treated as a capital asset under the Internal Revenue Code of 1986.  
  
(B) For the purpose of computing for any taxable year, the tax imposed under this chapter with respect to sales or other dispositions of property referred to in subparagraph (A) of this paragraph, the provisions of the Internal Revenue Code of 1986 relating to the treatment of gains and losses (other than the alternative tax imposed by section 1201 of the Internal Revenue Code of 1986) shall apply.
- (7) "Combined group" means the group of all persons whose income and apportionment factors are required to be taken into account pursuant to § 47-1805.02(a)(a) and (b) in determining the taxpayer's share of the net business income or loss apportionable to the District.
- (8) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.
- (9) "Compensation" means wages, salaries, commissions, and any other form of remuneration paid to employee for personal services.
- (10) "Corporation" means:
  - (A) Any entity or organization of any kind treated as a corporation for tax purposes under the laws of the District, wherever located, which, were it doing business in the District, would be subject to the tax imposed by this chapter;
  - (B) The business conducted by a partnership that is directly or indirectly held by a corporation, which shall be considered the business of the corporation to the extent of the corporation's distributive share of the partnership income, inclusive of guaranteed payments to the extent prescribed by regulation; and
  - (C) A joint-stock company, trust, and any association or other organization that is taxable as a corporation under federal income tax law.

(11)(A) "Cost-of-living adjustment" means an amount, for any calendar year, equal to the dollar amount set forth in paragraph (44)(A) and (B) or § 47- 1806.02(f)(1)(A) and (i) multiplied by the difference between the Consumer Price Index for the preceding calendar year and the Consumer Price Index for the calendar year beginning January 1, 2011, divided by the Consumer Price Index for the calendar year beginning January 1, 2011.

(B) For the purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for the Washington-Baltimore Metropolitan Statistical Area for all-urban consumers published by the Department of Labor, or any successor index, as of the close of the 12- month period ending on July 31 of such calendar year.

(12) "Deficiency" with respect to any tax imposed by this chapter means:

(A) The amount or amounts by which the tax imposed by this chapter, as determined by the Mayor, exceeds the amount shown as the tax by the taxpayer upon his return; or

(B) The amount assessed as a tax by the Mayor if no return is filed by the taxpayer.

(13) "Dependent" means a dependent as defined in section 152 of the Internal Revenue Code of 1986.

(14) "Dividend" means any distribution made by a corporation or financial institution (domestic or foreign) to its stockholders or members, out of its earnings, profits, or surplus, other than paid-in surplus, whenever earned by the corporation or financial institution and whether made in cash or in any other property (other than stock of the same class in the corporation or financial institution, if the recipient of the stock dividend has neither received nor exercised an option to receive the dividend in cash or in property other than stock instead of stock) and whether distributed prior to, during, upon, or after liquidation or dissolution of the corporation or financial institution; except, that in the case of any such distribution, any part of which for purposes of the income tax imposed under the Internal Revenue Code of 1986 is deemed to constitute a capital gain, such part shall be deemed to constitute a capital gain for purposes of the tax imposed by this chapter; provided, that in the case of any dividend that is distributed other than in cash or stock in the same class in the corporation or financial institution and not exempted from tax under this chapter, the basis of tax to the recipient shall be the market value of the property at the time of the distribution; provided further, that a dividend shall not include any dividend paid by a mutual life insurance company to its shareholders.

(15) "Doing business" means any activity of a corporation or financial institution that enjoys the benefits and protection of the government and laws of the District.

(16) "Domestic partners" means persons who have registered their relationship with the District pursuant to § 32-702.

(17) "Employer" means an employer as defined in section 3401(d) of the Internal Revenue Code of 1986.

(18) "Employee" means an individual having a place of abode or residing or domiciled within the District at the time the tax is required to be withheld in respect to the individual's employment by another, and to every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether domiciled in the District or not, including an officer of a corporation, but excluding any elective officer of the government of the United States or any officer or employee in the legislative branch of the government of the United States whose compensation is paid by the Secretary of the Senate or Clerk of the House of Representatives, any officer of the executive branch of the government of the United States whose appointment was made by the President of the United States, subject to confirmation by the Senate of the United States, and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless the officer, employee, or justice is domiciled within the District of Columbia at any time during the taxable year.

(19) "Fiduciary" means a guardian, trustee, executor, committee, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any person.

(20) "Financial institution" means any bank or trust company incorporated or required to be incorporated and doing business under the laws of the United States, the District of Columbia, or any state, a substantial part of the business of which consists of receiving deposits and making loans and discounts or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency and which is subject by law to supervision and examination by the District or by any state, territorial, or federal authority having supervision over financial institution, including:

(A) Any savings and loan associations; and

(B) Any company, a substantial part of the business of which consists of receiving deposits and making loans and discounts or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, which is organized or created under the laws of a foreign country and which maintains an office or branch in the District.

(21) "Fiscal year" means an accounting period of 12 months ending on any day other than the last day of December and on the basis of which the taxpayer is required to report for federal income tax purposes.

(22) "Head of household" shall have the same meaning as defined in section 2(b) of the Internal Revenue Code of 1986.

(23) "Individual" means all natural persons (other than fiduciaries), whether married, domestic partners, or unmarried.

(24) "Intangible expense" means:

(A) An expense, loss, or cost for, related to, or in connection directly or indirectly with the direct or indirect acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property, to the extent the expense, loss, or cost is allowed as a deduction or cost in determining taxable income for the taxable year under the Internal Revenue Code of 1986;

(B) A loss related to or incurred in connection directly or indirectly with factoring transactions or discounting transactions;

(C) A royalty, patent, technical, or copyright and licensing fee; or

(D) Any other similar expense or cost.

(25) "Intangible property" means patents, patent applications, trade names, trademarks, service marks, copyrights, and similar types of intangible assets.

(26) "Interest expense" means an amount directly or indirectly allowed as a deduction under section 163 of the Internal Revenue Code of 1986 for purposes of determining taxable income under the Internal Revenue Code of 1986.

(27) "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, approved April 6, 1954 (68A Stat. 3; 26 U.S.C. § 1 *et seq.*), as amended through May 24, 1985.

(28) "Internal Revenue Code of 1986" means the Internal Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 1 *et seq.*); which provisions shall apply on the same dates that they are effective for federal tax purposes.

(29) "International banking facility" or "IBF" shall have the same meaning as provided in section 204.8(a)(1) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(1)).

(30) "International banking facility extension of credit" or "IBF loan" shall have the same meaning as provided in section 204.8(a)(3) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(3)).

(31) "International Banking Facility time deposit" or "IBF time deposit" shall have the same meaning as provided in section 204.8(a)(2) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(2)).

(32) "Net operating loss" shall have the same meaning as provided in section 172(c) of the Internal Revenue Code of 1986, subject to limitations and modifications provided in this section.

(33) "Net operating loss deduction" means the aggregate of the apportioned net operating loss carryovers to the taxable year.

(34) "Nonbusiness income" means all income other than business income.

(35) "Nonresident" means every individual other than a resident.

(36) "Ownership" in determining the ownership of stock, assets, or net profits of any person, means the constructive ownership of section 318(a) of the Internal Revenue Code of 1986 as modified by section 856(d)(5) of the Internal Revenue Code of 1986.

(37) "Partnership" means a general or limited partnership or organization of any kind that is treated as a partnership for tax purposes under the laws of the District of Columbia.

(38) "Payroll period" means a payroll period as defined in section 3401(b) of the Internal Revenue Code of 1986.

(39) "Person" means any individual, firm, partnership, general partner of a partnership, limited liability company, registered limited liability partnership, foreign limited partnership, association, corporation (whether or not the corporation is, or would be if doing business in the District, subject to this chapter), company, syndicate, estate, trust, business trust, trustee, trustee in bankruptcy, receiver, executor, administrator, assignee, fiduciary, or organization of any kind.

(40) "Related entity" means a person that under the attribution rules of section 318 of the Internal Revenue Code of 1986 is:

(A) A stockholder who is an individual, or a member of the stockholder's family as enumerated in

section 318 of the Internal Revenue Code of 1986, if the stockholder and the members of the stockholder's family own, directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock;

(B) A stockholder, or a stockholder's partnership, limited liability company, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, limited liability companies, estates, trusts, and corporations own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock; or

(C) A corporation, or a party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of section 318 of the Internal Revenue Code of 1986 ("party related to the corporation"), if the corporation or party related to the corporation owns, directly, indirectly, beneficially, or constructively, at least 50% of the value of the corporation's outstanding stock.

(41) "Related member" means:

(A) A person that, with respect to the taxpayer is, at any time during the year, a related entity;

(B) A component member as defined in section 1563(b) of the Internal Revenue Code of 1986;

(C) A controlled group of which the taxpayer is also a component; or

(D) A person to or from whom there is attribution of stock ownership in accordance with section 1563(e) of the Internal Revenue Code of 1986.

(42) "Resident" means an individual domiciled in the District at any time during the taxable year, and every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not the individual is domiciled in the District, excluding any elective officer of the government of the United States or any employee on the staff of an elected official in the legislative branch of the government of the United States if the employee is a bona fide resident of the state of residence of the elected officer, or any officer of the executive branch of the government of the United States whose appointment was made by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless the officer, employee, or justice is domiciled within the District at any time during the taxable year. In determining whether an individual is a resident, an individual's absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode.

(43) "Sales" means all gross receipts of the taxpayer that are business income, as that term is defined in this section.

(44) "Standard deduction" means:

(A) The amount of \$4,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50), in the case of a return filed by a single individual, by a head of household, by a surviving spouse, or jointly by husband and wife (or domestic partner);

(B) The amount of \$2,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50), in the case of a married person filing separately; or

(C) In the case of an individual who is a resident, as defined in paragraph (42) of this section, for less than a full 12-month taxable year, the amounts specified in subparagraphs (A) and (B) of this paragraph prorated by the number of months that the individual was a resident.

(45) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory, or possession of the United States and any foreign country or political subdivision thereof.

(46) "Subpart F income" shall have the same meaning as provided in section 952 of the Internal Revenue Code of 1986.

(47) "Surviving spouse" shall have the same meaning as provided in section 2(a) of the Internal Revenue Code of 1986; except, that in applying section 2(a) of the Internal Revenue Code of 1986, the term spouse shall be deemed to include a domestic partner.

(48) "Tax" or "tax liability" includes the liability for all amounts owing by a taxpayer to the District under this chapter.

(49) "Tax haven" means a jurisdiction that:

(A) For a particular tax year in question has no, or nominal, effective tax on the relevant income and has laws or practices that prevent effective exchange of information for tax purposes with other governments regarding taxpayers subject to, or benefitting from, the tax regime;

(B) Lacks transparency, which for the purposes of this definition means that the details of

legislative, legal, or administrative provisions are not open to public scrutiny and apparent or are not consistently applied among similarly situated taxpayers;

(C) Facilitates the establishment of foreign-owned entities without the need for a local substantive presence or prohibits these entities from having any commercial impact on the local economy;

(D) Explicitly or implicitly excludes the jurisdiction's resident taxpayers from taking advantage of the tax regime's benefits or prohibits enterprises that benefit from the regime from operating in the jurisdiction's domestic market; or

(E)(i) Has created a tax regime which is favorable for tax avoidance, based upon an overall assessment of relevant factors, including whether the jurisdiction has a significant untaxed offshore financial or other services sector relative to its overall economy.

(ii) For the purposes of this definition, the term "tax regime" means a set or system of rules, laws, regulations, or practices by which taxes are imposed on any person, corporation, or entity, or on any income, property, incident, indicia, or activity pursuant to governmental authority.

(50) "Taxable income" means the income of a corporation as defined by the laws of the United States for federal income-tax purposes, adjusted, as provided in this section; provided, that in the case of a corporation having income from business activity that is taxable outside the District, its District taxable income shall be the portion of its taxable income as allocated or apportioned to the District under the provisions of this chapter.

(51) "Taxable year" means the calendar year or the fiscal year, whichever is the basis upon which the net income of the taxpayer is computed under this section; if no fiscal year has been established by the taxpayer, it means the calendar year. The term "taxable year" includes, in the case of a return made for a fractional part of a calendar or fiscal year under the provisions of this section or under regulations prescribed by the Mayor, the period for which the return is made; provided, that no taxpayer shall change from a calendar year to a fiscal year or from a fiscal year to a calendar year within any taxable year without the written authorization of the Mayor.

(52) "Taxpayer" means any person required by this chapter to pay a tax, file a return, or report or apply for a license.

(53) "Trade or business" means the engaging in or carrying on of any trade, business, profession, vocation, or calling, or commercial activity in the District of Columbia, including activities in the District that benefit an affiliated group of the taxpayer, the performance of functions of a public office, and the leasing of real or personal property in the District of Columbia by any person whether or not the property is leased directly by the person or through an agent, and whether or not the person or agent performs any services in connection with the property.

(54) "United States" means the United States of America and includes all of the states of the United States, the District of Columbia, and United States territories and possessions.

(55)(A) "Unitary business" means a single economic enterprise that is made up either of separate parts of a single business entity or of a commonly controlled group of business entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts.

(B) For the purposes of this chapter, any business conducted by a partnership shall be treated as conducted by its partners, whether directly held or indirectly held through a series of partnerships, to the extent of the partner's distributive share of the partnership's income, regardless of the percentage of the partner's ownership interest or its distributive or any other share of partnership income. A business conducted directly or indirectly by one corporation through its direct or indirect interest in a partnership is unitary with that portion of a business conducted by one or more other corporations through their direct or indirect interest in a partnership if there is a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts and the corporations are members of the same commonly controlled group.

(56) "Wages" means wages as defined in section 3401(a) of the Internal Revenue Code of 1986.

(57) "Water's-edge combined group" is comprised of all entities includible in the combined report, as determined pursuant to § 47-1810.07(a).

(58) "Worldwide combined report" means the combination of the income and activities of all members of a unitary group irrespective of the country in which the corporations are incorporated or conduct business activity.

(July 16, 1947, 61 Stat. 332, ch. 258, art. I, title I, § 4; May 3, 1948, 62 Stat. 206, ch. 246, § 1; May 27, 1949, 63 Stat. 129, ch. 146, title IV, §§ 401, 402; March 31, 1956, 70 Stat. 68, ch. 154, § 2; Sept. 19, 1966, 80 Stat. 809, Pub. L. 89-585, § 1; Sept. 30, 1966, 80 Stat. 858, Pub. L. 89-610, title VII, § 703; Oct. 31, 1969, 83 Stat. 176, Pub. L. 91-106, title VI, § 601(a); Oct. 21, 1975, D.C. Law 1-23, title VI, §§ 601(1), (2), 609, 22 DCR 2105, 2106, 2114; Mar. 3, 1979, D.C. Law 2-150, § 2, 25 DCR 7038; Mar. 6, 1979, D.C. Law 2-158, §§ 4, 5,

25 DCR 7002; Sept. 13, 1980, D.C. Law 3-95, § 101, 27 DCR 3509; June 11, 1982, D.C. Law 4-118, § 101, 29 DCR 1770; July 24, 1982, D.C. Law 4-130, § 2, 29 DCR 2412; July 24, 1982, D.C. Law 4-131, § 101, 29 DCR 2418; Sept. 17, 1982, D.C. Law 4-150, § 101, 29 DCR 3377; Oct. 8, 1983, D.C. Law 5-32, § 2, 30 DCR 4013; Mar. 14, 1985, D.C. Law 5-147, § 2(a), 31 DCR 6416; Sept. 5, 1985, D.C. Law 6-16, § 3(b), 32 DCR 3578; Sept. 5, 1985, D.C. Law 6-24, § 2, 32 DCR 3611; May 3, 1986, D.C. Law 6-110, § 2, 33 DCR 1744; June 24, 1987, D.C. Law 7-9, § 2(a), (b), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(a), 34 DCR 5097; Sept. 21, 1988, D.C. Law 7-141, § 2(a), 35 DCR 5398; May 10, 1989, D.C. Law 7-231, § 49, 36 DCR 492; Sept. 20, 1989, D.C. Law 8-25, § 2, 36 DCR 4721; Sept. 26, 1990, D.C. Law 8-166, § 2, 37 DCR 4829; Aug. 17, 1991, D.C. Law 9-25, § 2, 38 DCR 4196; June 14, 1994, D.C. Law 10-128, § 103(a), 41 DCR 2096; Apr. 9, 1997, D.C. Law 11-182, § 2, 43 DCR 4251; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Nov. 19, 1997, 111 Stat. 2187, Pub. L. 105-100, § 157(c); Oct. 20, 1999, D.C. Law 13-38, § 2702(f), 46 DCR 6373; June 24, 2000, D.C. Law 13-126, § 2, 47 DCR 2643; Oct. 20, 2005, D.C. Law 16-33, § 1046(a), 52 DCR 7503; May 12, 2006, D.C. Law 16-98, § 2(d), 53 DCR 1869; Mar. 14, 2007, D.C. Law 16-292, § 2(a), 54 DCR 1080; Sept. 18, 2007, D.C. Law 17-20, § 1042, 54 DCR 7052; Sept. 12, 2008, D.C. Law 17-231, § 41(e), 55 DCR 6758; Mar. 25, 2009, D.C. Law 17-353, §§ 168(a), 215(b), 56 DCR 1117; Mar. 3, 2010, D.C. Law 18-108, § 2(a), 57 DCR 22; Mar. 3, 2010, D.C. Law 18-111, § 7241(c), 57 DCR 181; Sept. 14, 2011, D.C. Law 19-21, § 8002(b), 58 DCR 6226; Sept. 20, 2012, D.C. Law 19-168, § 7072(b), 59 DCR 8025; Sept. 26, 2012, D.C. Law 19-171, § 114(g), 59 DCR 6190.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1801.4.

1973 Ed., § 47-1551c.

##### *Effect of Amendments*

D.C. Law 13-38 added new paragraphs (34), (35), and (36).

D.C. Law 13-126, in par. (28A), in the first sentence, substituted "amended from time to time" for "amended through August 20, 1996".

D.C. Law 16-33, in par. (26)(A), substituted "\$2,500" for "\$2,000"; and in par. (26)(B), substituted "\$1,250" for "\$1,000".

D.C. Law 16-98 added par. (16A); in subpar. (26)(A), substituted "\$4,000, increased annually, beginning January 1, 2008, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50)," for "\$2,500"; in subpar. (26)(B), substituted "\$2,000, increased annually, beginning January 1, 2008, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50)," for "\$1,250".

D.C. Law 16-292, added par. (1A); in par. (4), substituted "whether married, domestic partners, or unmarried" for "whether married or unmarried"; in par. 26, subpar. (A), substituted "spouse, or jointly by husband and wife (or domestic partner)" for "spouse or jointly by husband and wife"; and in par. (27), inserted "; provided that in applying section 2(a) of the Internal Revenue Code of 1986, the term 'spouse' shall be deemed to include a domestic partner" following "Internal Revenue Code of 1986".

D.C. Law 17-20, in subpar. (26)(A), substituted "\$4,000, increased annually, beginning January 1, 2009, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50)," for "\$2,500"; in subpar. (26)(B), substituted "\$2,000, increased annually, beginning January 1, 2009, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50)," for "\$1,250"; and added par. (37).

D.C. Law 17-231 added par. (1B).

D.C. Law 17-353 validated previously made technical corrections in pars. (26) and (27), and in par. (37), substituted "paragraph (26)(A) of this section" for "§§ 47-1801.04(26)(A)", "paragraph (26)(B) of this section" for "47-1801.04(26)(B)", and "§ 47-1806.02" for "47-1806.02".

D.C. Law 18-108, in par. (26)(A), substituted "a married couple" for "husband and wife".

D.C. Law 18-111, in pars. (26)(A) and (B), substituted "beginning January 1, 2013," for "beginning January 1, 2009,".

D.C. Law 19-21 rewrote the section, which formerly read:

"For the purposes of this chapter and wherever appearing herein, unless otherwise required by the context the term:

"(1) 'District' means the District of Columbia.

"(1A) 'Domestic partners' means persons who have registered their relationship with the District pursuant to § 32-702.

"(1B) 'Domestic partnership' shall have the same meaning as provided in § 32-701(4).

"(2) 'Mayor' means the Mayor of the District of Columbia or his duly authorized representative or

representatives.

"(3) 'Person' means an individual (other than a fiduciary), a fiduciary, a partnership (other than an unincorporated business), an association, an unincorporated business, and a corporation.

"(4) 'Individual' means all natural persons (other than fiduciaries), whether married, domestic partners, or unmarried.

"(5) 'Fiduciary' means a guardian, trustee, executor, committee, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any person.

"(6)(A) 'Trade or business' means the engaging in or carrying on of any trade, business, profession, vocation or calling, or commercial activity in the District of Columbia, including activities in the District that benefit an affiliated entity of the taxpayer, the performance of the functions of a public office and the leasing of real or personal property in the District of Columbia by any person whether or not the property is leased directly by such person or through an agent, and whether or not such person or agent performs any services in connection with the property; provided, however, that the term 'trade or business' shall not include, for the purposes of this chapter, sales of tangible personal property whereby title to such property passes within or without the District, by a corporation or unincorporated business which does not physically have or maintain an office, warehouse, or other place of business in the District, and which has no officer, agent, or representative having an office or other place of business in the District, during the taxable year.

"(B) For purposes of this chapter, the terms 'agent' or 'representative' shall not include any independent broker engaged independently in regularly soliciting orders in the District for sellers and who holds himself out as such.

"(7) 'Taxpayer' means any person required by this chapter to pay a tax, file a return or report, or apply for a license.

"(8) 'Fiscal year' mean an accounting period of 12 months ending on the last day of any month other than December.

"(9) 'Taxable year' mean the calendar year or the fiscal year, upon the basis of which the net income of the taxpayer is computed under this chapter; if no fiscal year has been established by the taxpayer, they mean the calendar year. The term 'taxable year' includes, in the case of a return made for a fractional part of a calendar or fiscal year under the provisions of this chapter or under regulations prescribed by the Mayor, the period for which such return is made; provided, however, that no taxpayer may change from a calendar year to a fiscal year or from a fiscal year to a calendar year within any taxable year without the written permission of the Mayor.

"(10)(A) 'Capital asset' means property defined or treated as a capital asset under the Internal Revenue Code of 1986.

"(B) For the purpose of computing for any taxable year the tax imposed under this chapter with respect to sales or other dispositions of property referred to in subparagraph (A) of this paragraph, the provisions of the Internal Revenue Code of 1986 relating to the treatment of gains and losses (other than the alternative tax imposed by § 1201 of such Code) shall apply.

"(11) 'Dividend' means any distribution made by a corporation or financial institution (domestic or foreign) to its stockholders or members, out of its earnings, profits, or surplus (other than paid-in surplus), whenever earned by the corporation or financial institution and whether made in cash or any other property (other than stock of the same class in the corporation or financial institution if the recipient of such stock dividend has neither received nor exercised an option to receive such dividend in cash or in property other than stock instead of stock) and whether distributed prior to, during, upon, or after liquidation or dissolution of the corporation or financial institution, except that in the case of any such distribution any part of which for purposes of the income tax imposed under the Internal Revenue Code of 1986 is deemed to constitute a capital gain, such part shall be deemed to constitute a capital gain for purposes of the tax imposed by this chapter; provided, however, that in the case of any dividend which is distributed other than in cash or stock in the same class in the corporation or financial institution and not exempted from tax under this chapter, the basis of tax to the recipient thereof shall be the market value of such property at the time of such distribution; and provided, however, that the word 'dividend' shall not include any dividend paid by a mutual life insurance company to its shareholders.

"(12) 'Stock' includes a share in any association, joint-stock company, or insurance company.

"(13) 'Shareholder' includes a member in an association, joint-stock company, or insurance company.

"(14) 'Include,' 'includes,' or 'including,' when used in a definition contained in this chapter, shall not be deemed to exclude other things otherwise within the meaning of the word or words defined.

"(15) 'Deficiency' as used in this chapter with respect to any tax imposed by this chapter means:

"(A) The amount or amounts by which the tax imposed by this chapter as determined by the Mayor exceeds the amount shown as the tax by the taxpayer upon his return; or

"(B) The amount assessed as a tax by the Mayor if no return is filed by the taxpayer.

"(16) 'Corporation' includes any trust, association, joint-stock company, small business corporation as defined

in § 1371 of the Internal Revenue Code of 1954 (26 U.S.C. § 1371), in effect as of October 18, 1982, S corporation as defined in § 1361(a) of the Internal Revenue Code of 1986, partnership that is classed or should be classed as a corporation for purposes of federal income taxation, any entity organized under § 29-401 et seq., or a foreign professional corporation that has obtained a certificate of authority under § 29-414, to render professional services in the District for any taxable year beginning after December 31, 1984.

"(16A) [Expired]

"(17) 'Resident' means every individual domiciled within the District at any time during the taxable year, and every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not such other individual is domiciled in the District. The term 'resident' shall not include any elective officer of the government of the United States or any employee on the staff of an elected official in the legislative branch of the government of the United States if such employee is a bona fide resident of the state of residence of such elected officer, or any officer of the executive branch of such government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless such officers or Justices are domiciled within the District at any time during the taxable year. In determining whether an individual is a 'resident', such individual's absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode.

"(18) 'Nonresident' means every individual other than a resident.

"(19) 'Dependent' means a dependent as defined in § 152 of the Internal Revenue Code of 1986.

"(20) 'Head of household' shall have the same meaning as defined in § 2(b) of the Internal Revenue Code of 1986.

"(21) 'Wages' means wages as defined in § 3401(a) of the Internal Revenue Code of 1986.

"(22) 'Payroll period' means payroll period as defined in § 3401(b) of the Internal Revenue Code of 1986.

"(23) 'Employer' means employer as defined in § 3401(d) of the Internal Revenue Code of 1986.

"(24) 'Employee' shall apply only to an individual having a place of abode or residing or domiciled within the District at the time the tax is required to be withheld in respect to the individual's employment by another, and to every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether domiciled in the District or not. The term 'employee' shall include an officer of a corporation, but shall not include any elective officer of the government of the United States or any officer or employee in the legislative branch of the Government of the United States whose compensation is paid by the Secretary of the Senate or Clerk of the House of Representatives, or any officer of the executive branch of such government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless such officers or Justices are domiciled within the District of Columbia at any time during the taxable year.

"(25) 'Financial institution' means any bank or trust company incorporated or required to be incorporated and doing business under the laws of the United States, the District of Columbia, or any state, a substantial part of the business of which consists of receiving deposits and making loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, and which is subject by law to supervision and examination by the District or by any state, territorial, or federal authority having supervision over financial institutions. The term 'financial institution' includes:

"(A) Any savings and loan associations; and

"(B) Any company, a substantial part of the business of which consists of receiving deposits and making loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, which company is organized or created under the laws of a foreign country, and which maintains an office or branch in the District.

"(26) 'Standard deduction' means:

"(A) \$4,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50), in the case of a return filed by a single individual, by a head of household, by a surviving spouse, or jointly by a married couple (or domestic partner);

"(B) \$2,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50), in the case of a married person filing separately; or

"(C) In the case of an individual who is a resident, as defined in paragraph (17) of this section, for less than a full 12-month taxable year, the amounts specified in subparagraphs (A) and (B) of this paragraph prorated by the number of months that the individual was a resident.

"(27) 'Surviving spouse' shall have the same meaning as defined in § 2(a) of the Internal Revenue Code of



1986; provided that in applying section 2(a) of the Internal Revenue Code of 1986, the term 'spouse' shall be deemed to include a domestic partner.

"(28) 'Internal Revenue Code of 1954' means the Internal Revenue Code of 1954, approved April 6, 1954 (68A Stat. 3; 26 U.S.C. § 1 et seq.), as amended through May 24, 1985.

"(28A) The term 'Internal Revenue Code of 1986' means the Internal Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 1 et seq.), as amended from time to time. The provisions of the Internal Revenue Code of 1986 shall be effective on the same dates that they are effective for federal tax purposes.

"(29) 'International banking facility' or 'IBF' shall have the same meaning as defined in § 204.8(a)(1) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR 204.8(a)(1)).

"(30) 'International banking facility extension of credit' or 'IBF loan' shall have the same meaning as defined in § 204.8(a)(3) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR 204.8(a)(3)).

"(31) 'International Banking Facility time deposit' or 'IBF time deposit' shall have the same meaning as defined in § 204.8(a)(2) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR 204.8(a)(2)).

"(32) 'Blind' means a taxpayer whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

"(33) 'Subpart F income' shall have the same meaning as defined in § 952 of the Internal Revenue Code of 1986.

"(34) 'Net operating loss' shall have the same meaning as defined in § 172(c) of the Internal Revenue Code, subject to limitations and modifications provided in this chapter.

"(35) 'Net operating loss deduction' means the aggregate of the apportioned net operating loss carryovers to the taxable year.

"(36) 'Apportioned net operating loss' means the net operating loss generated in the year of the loss multiplied by the District of Columbia's apportionment formula for the loss year.

"(37) 'Cost-of-living adjustment' for any calendar year means an amount equal to the dollar amount set forth in paragraph (26)(A) of this section (pertaining to the standard deduction), paragraph (26)(B) of this section (pertaining to the standard deduction), § 47-1806.02(f)(1)(A) (pertaining to the allowance of additional exemptions for dependents), or § 47-1806.02(i) (pertaining to the personal exemption), as the case may be, multiplied by the percentage that the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the calendar year beginning January 1, 2007. For the purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for the Washington-Baltimore Metropolitan Statistical Area for all-urban consumers published by the Department of Labor, or any successor index, as of the close of the 12-month period ending on July 31 of such calendar year."

D.C. Law 19-168 rewrote par. (11)(A), which formerly read:

"(11)(A) 'Cost-of-living adjustment' means an amount, for any calendar year, equal to the dollar amount set forth in paragraph (44)(A) and (B) of this section or § 47-1806.02(f)(1)(A) and (i) multiplied by the percentage that the Consumer Price Index for the preceding calendar year that exceeds the Consumer Price Index for the calendar year beginning January 1, 2007."

D.C. Law 19-171, in par. (6)(B), validated a previously made technical correction.

#### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 113 of Omnibus Budget Support Temporary Act of 1991 (D.C. Law 9-19, August 17, 1991, law notification 38 DCR 5786).

For temporary (225 day) amendment of section, see § 2 of District of Columbia Income and Franchise Tax Act of 1947 Conformity Temporary Amendment Act of 1996 (D.C. Law 11-147, July 20, 1996, law notification 43 DCR 4352).

For temporary (225 day) amendment of section, see § 2 of Tax Conformity Temporary Act of 1999 (D.C. Law 13-8, June 11, 1999, law notification 47 DCR 5998).

For temporary (225 day) amendment of section, see § 2 of Tax Conformity Temporary Act of 2009 (D.C. Law 13-125, May 23, 2000, law notification 47 DCR 2057).

#### *Emergency Act Amendments*

For temporary amendment of section, see § 2 of the District of Columbia Income and Franchise Act of 1947 Conformity Emergency Amendment Act of 1996 (D.C. Act 11-263, April 19, 1996, 43 DCR 2179), and see § 2 of the District of Columbia Income and Franchise Tax Act of 1947 Conformity Congressional Adjournment

Emergency Amendment Act of 1997 (D.C. Act 12-28, March 11, 1997, 44 DCR 1895).

For temporary amendment of section, see § 2 of the Tax Conformity Emergency Act of 1998 (D.C. Act 12-523, December 9, 1998, 45 DCR 9181), and § 2 of the Tax Conformity Emergency Act of 1999 (D.C. Act 13-31, March 16, 1999, 46 DCR 1993).

For temporary (90-day) amendment of section, see §§ 2702(f) and 2703(c) of the Service Improvement and Fiscal Year 2000 Budget Support Emergency Act of 1999 (D.C. Act 13-110, July 28, 1999, 46 DCR 6320).

For temporary (90-day) amendment of section, see § 2 of the Tax Conformity Emergency Act of 2000 (D.C. Act 13-261, February 9, 2000, 47 DCR 1189).

For temporary (90-day) amendment of section, see § 2 of the Tax Conformity Congressional Review Emergency Act of 2000 (D.C. Act 13-330, May 9, 2000, 47 DCR 4361).

For temporary (90 day) amendment of section, see §§ 1046(a), 1047, of Fiscal Year 2006 Budget Support Emergency Act of 2005 (D.C. Act 16-168, July 26, 2005, 52 DCR 7667).

For temporary (90 day) amendment of section, see §§ 1042, 1043 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

For temporary (90 day) amendment of section, see § 7111(c) of Fiscal Year 2010 Budget Support Emergency Act of 2009 (D.C. Act 18-187, August 26, 2009, 56 DCR 7374).

For temporary (90 day) amendment of section, see § 7241(c) of Fiscal Year 2010 Budget Support Second Emergency Act of 2009 (D.C. Act 18-207, October 15, 2009, 56 DCR 8234).

For temporary (90 day) amendment of section, see § 7241(c) of Fiscal Year Budget Support Congressional Review Emergency Amendment Act of 2009 (D.C. Act 18-260, January 4, 2010, 57 DCR 345).

For temporary (90 day) amendment of section, see § 302(b) of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) addition of applicability provision, see § 303 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

#### *Legislative History of Laws*

Law 1-23, the "Revenue Act of 1975," was introduced in Council and assigned Bill No. 1-47, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first, amended first, and second readings, and reconsideration of second reading, on April 15, 1975, June 1, 1975, June 24, 1975 and July 11, 1975, respectively. Signed by the Mayor on July 23, 1975, it was assigned Act No. 1-34 and transmitted to both Houses of Congress for its review.

Law 2-150, the "Corporate and Unincorporated Business Tax Revision Act of 1978," was introduced in Council and assigned Bill No. 2-394, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 28, 1978 and December 12, 1978, respectively. Signed by the Mayor on December 29, 1978, it was assigned Act No. 2-339 and transmitted to both Houses of Congress for its review.

Law 2-158, the "Tax Return Confidentiality Act of 1978," was introduced in Council and assigned Bill No. 2-402, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 28, 1978 and December 12, 1978, respectively. Signed by the Mayor on December 29, 1978, it was assigned Act No. 2-328 and transmitted to both Houses of Congress for its review.

Law 3-95, the "District of Columbia Financial Institutions Tax Act of 1980," was introduced in Council and assigned Bill No. 3-190, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 3, 1980 and June 17, 1980, respectively. Signed by the Mayor on July 9, 1980, it was assigned Act No. 3-217 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

Law 4-130, the "Technical Amendments to the District of Columbia Financial Institutions Tax Act of 1980 and alley closing in square 569 Amendment Act of 1982," was introduced in Council and assigned Bill No. 4-328, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on April 27, 1982 and May 11, 1982, respectively. Signed by the Mayor on June 1, 1982, it was assigned Act No. 4-195 and transmitted to both Houses of Congress for its review.

Law 4-131, the "District of Columbia Tax Enforcement Act of 1982," was introduced in Council and assigned Bill No. 4-257, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on April 27, 1982, and May 11, 1982, respectively. Signed by the Mayor on June 1, 1982, it was assigned Act No. 4-196 and transmitted to both Houses of Congress for its review.

Law 4-150, the "International Banking Facilities Tax District of Columbia Redevelopment Act of 1945 Amendment, and Cable Television Communications Act of 1981 Technical Clarification Amendment Act of 1982," was introduced in Council and assigned Bill No. 4-360, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 22, 1982 and July 6, 1982, respectively. Signed by the Mayor on July 21, 1982, it was assigned Act No. 4-221 and transmitted to both

Houses of Congress for its review.

For Law 5-32, see note following § 47-1816.03.

Law 5-147, the "D.C. Income and Franchise Tax Conformity Amendment Act of 1984," was introduced in Council and assigned Bill No. 5-510, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on October 23, 1984 and November 7, 1984, respectively. Signed by the Mayor on November 29, 1984, it was assigned Act No. 5-211 and transmitted to both Houses of Congress for its review.

Law 6-16, the "Professional Corporation Franchise Tax Amendment Act of 1985," was introduced in Council and assigned Bill No. 6-101, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on May 14, 1985, and May 28, 1985, respectively. Signed by the Mayor on June 10, 1985, it was assigned Act No. 6-31 and transmitted to both Houses of Congress for its review.

Law 6-24, the "Tax Conformity Amendment Act of 1985," was introduced in Council and assigned Bill No. 6-172, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on May 14, 1985 and May 28, 1985, respectively. Signed by the Mayor on June 10, 1985, it was assigned Act No. 6-39 and transmitted to both Houses of Congress for its review.

Law 6-110, the "Income and Franchise Tax Technical Conformity Act of 1987," was introduced in Council and assigned Bill No. 6-341, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on February 11, 1986 and February 25, 1986, respectively. Signed by the Mayor on March 11, 1986, it was assigned Act No. 6-140 and transmitted to both Houses of Congress for its review.

Law 7-9, the "D.C. Income and Franchise Tax Conformity and Inheritance and Estate Tax Revision Act of 1986 Amendment Act of 1987," was introduced in Council and assigned Bill No. 7-129, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on March 31, 1987 and April 14, 1987, respectively. Signed by the Mayor on May 6, 1987, it was assigned Act No. 7-20 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

Law 7-141, the "District of Columbia Income and Franchise Tax Conformity Amendment Act of 1988," was introduced in Council and assigned Bill No. 7-445, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 14, 1988 and June 28, 1988, respectively. Signed by the Mayor on June 30, 1988, it was assigned Act No. 7-193 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 7-231, see Historical and Statutory Notes following § 47-119.

Law 8-25, the "District of Columbia Income and Franchise Tax Conformity Amendment Act of 1989," was introduced in Council and assigned Bill No. 8-152, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on May 30, 1989 and June 13, 1989, respectively. Signed by the Mayor on June 27, 1989, it was assigned Act No. 8-47 and transmitted to both Houses of Congress for its review.

Law 8-166, the "District of Columbia Income and Franchise Tax Conformity Amendment Act of 1990," was introduced in Council and assigned Bill No. 8-551, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 12, 1990, and June 26, 1990, respectively. Signed by the Mayor on July 12, 1990, it was assigned Act No. 8-231 and transmitted to both Houses of Congress for its review.

Law 9-25, the "District of Columbia Income and Franchise Tax Conformity Amendment Act of 1991," was introduced in Council and assigned Bill No. 9-121, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 4, 1991, and June 18, 1991, respectively. Signed by the Mayor on July 2, 1991, it was assigned Act No. 9-52 and transmitted to both Houses of Congress for its review.

Law 10-128, the "Omnibus Budget Support Act of 1994," was introduced in Council and assigned Bill No. 10-575, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on March 22, 1994, and April 12, 1994, respectively. Signed by the Mayor on April 14, 1994, it was assigned Act No. 10-225 and transmitted to both Houses of Congress for its review. D.C. Law 10-128 became effective on June 14, 1994.

Law 11-182, the "District of Columbia Income and Franchise Tax Act of 1947 Conformity Amendment Act of 1996," was introduced in Council and assigned Bill No. 11-633, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 4, 1996, and July 3, 1996, respectively. Signed by the Mayor on July 22, 1996, it was assigned Act No. 11-333 and transmitted to both Houses of Congress for its review. D.C. Law 11-182 became effective on April 9, 1997.

Law 13-38, the "Service Improvement and Fiscal Year 2000 Budget Support Act of 1999," was introduced in Council and assigned Bill No. 13-161, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on May 11, 1999, and June 22, 1999, respectively. Signed by the Mayor on July 8, 1999, it was assigned Act No. 13-111 and transmitted to both Houses of Congress for its review. D.C. Law 13-38 became effective on October 20, 1999.

Law 13-126, the "Tax Conformity Act of 2000," was introduced in Council and assigned Bill No. 13-86, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on February 1, 2000, and March 7, 2000, respectively. Signed by the Mayor on March 22, 2000, it was assigned Act No. 13-296 and transmitted to both Houses of Congress for its review. D.C. Law 13-126 became effective on June 24, 2000.

For Law 16-33, see notes following § 47-308.01.

For Law 16-98, see notes following § 47-802.

Law 16-292, the "Domestic Partnerships Joint Filing Act of 2006", was introduced in Council and assigned Bill No. 16-958, which was referred to Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 14, 2006, and December 5, 2006, respectively. Signed by the Mayor on December 28, 2006, it was assigned Act No. 16-651 and transmitted to both Houses of Congress for its review. D.C. Law 16-292 became effective on March 14, 2007.

For Law 17-20, see notes following § 47-305.02.

For Law 17-231, see notes following § 47-802.

For Law 17-353, see notes following § 47-308.

Law 18-108, the "Income Tax Joint Filing Clarification Act of 2009", was introduced in Council and assigned Bill No. 18-312, which was referred to the Committee on Finance and Revenue. The bill was adopted on first and second readings on November 3, 2009, and December 1, 2009, respectively. Signed by the Mayor on December 17, 2009, it was assigned Act No. 18-246 and transmitted to both Houses of Congress for its review. D.C. Law 18-108 became effective on March 3, 2010.

For Law 18-111, see notes following § 47-305.02.

For history of Law 19-21, see notes under § 47-305.02.

For history of Law 19-168, see notes under § 47-355.01.

For history of Law 19-171, see notes under § 47-369.01.

#### *References in Text*

Section 1201 of the Internal Revenue Code of 1986, referred to in (10)(B), is codified as 26 U.S.C. § 1201.

Section 152 of the Internal Revenue Code of 1986, referred to in (19), is codified as 26 U.S.C. § 152.

Section 2(b) of the Internal Revenue Code of 1986, referred to in (20), is codified as 26 U.S.C. § 2(b).

Section 3401(a), (b) and (d), of the Internal Revenue Code of 1986, referred to in (21), (22), and (23), respectively, are codified as 26 U.S.C. § 3401(a), (b), and (d), respectively.

Section 2(a) of the Internal Revenue Code of 1986, referred to in (27), is codified as 26 U.S.C. § 2(a).

Section 952 of the Internal Revenue Code of 1986, referred to in (33), is codified as 26 U.S.C. § 952.

#### *Editor's Notes*

Paragraph (16A) of this section, defining "cost-of-living adjustments" expired October 1, 2006.

#### *Miscellaneous Notes*

Mayor authorized to issue regulations: Section 401 of D.C. Law 4-150 and § 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provisions of these acts.

Short title of subtitle K of title I of Law 16-33: Section 1045 of D.C. Law 16-33 provided that subtitle K of title I of the act may be cited as the Increase in the Standard Deduction and Personal Exemption Act of 2005.

Section 1047 of D.C. Law 16-33 provides that § 1046 shall apply as of Jan. 1, 2006.

Section 3(b) of D.C. Law 16-98 provides that Section 2(d) and (e) shall apply as of January 1, 2007.

Effectiveness and expiration of D.C. Law 16-98: Section 4 of D.C. Law 16-98 required that "this act shall take effect subject to the inclusion of its fiscal effect in an approved budget and financial plan; provided, that this act shall expire on October 1, 2006 if its fiscal effect has not been included in an approved budget and financial plan or in the Fiscal Year 2007 Budget Request Act of 2006." The Budget Director of the Council of the District of Columbia has determined, as of November 2, 2007, that the fiscal effect of Law 16-98 had not been included in an approved budget and financial plan by October 1, 2006. Therefore, the amendments made to this section by Law 16-98, have expired as if never in effect.

Short title: Section 1041 of D.C. Law 17-20 provided that subtitle E of title I of the act may be cited as the "Standard Deduction Increase Act of 2007".

Section 1043 of D.C. Law 17-20 provides this subtitle shall apply as of January 1, 2008.

Section 3 of D.C. Law 18-108 provides:

"Section 2 shall apply for tax years beginning January 1, 2009."

Short title: Section 8001 of D.C. Law 19-21 provided that subtitle A of title VIII of the act may be cited as "Combined Reporting Act of 2011".

Section 8004 of D.C. Law 19-21 provides:

"Sec. 8004. Applicability.

"This subtitle shall apply for taxable years beginning after December 31, 2010."

## **§ 47-1801.05. EFFECT OF REPEAL OR AMENDMENT.[TRANSFERRED]**

### *HISTORICAL AND STATUTORY NOTES*

#### *Legislative History of Laws*

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

#### *Editor's Notes*

Section 5(a) of D.C. Law 7-29 redesignated this section as § 47-1801.1a [§ 47- 1801.01a, 2001 Ed.].

## **SUBCHAPTER II. EXEMPT ORGANIZATIONS.**

### **§ 47-1802.01. EXEMPT ORGANIZATIONS--IN GENERAL.**

(a) Except to the extent that the organizations have unrelated business income subject to tax under section 511 of the Internal Revenue Code of 1986 or income subject to tax under section 527 of the Internal Revenue Code of 1986, which income shall be taxed in the same manner and to the same extent as the tax imposed by subchapter VII of this chapter, the following organizations shall be exempt from taxation under this chapter if the organization first obtains a letter from the Mayor stating that it is entitled to the exemption:

(1) A corporation organized under the Act of Congress, which is an instrumentality of the United States and is exempt from federal income taxes under the Act;

(2) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this chapter;

(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in section 501(h) of the Internal Revenue Code of 1986, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office;

(4)(A) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes;

(B) Subparagraph (A) of this paragraph shall not apply to an entity unless no part of the net earnings of the entity inures to the benefit of any private shareholder or individual;

(5) Labor, agricultural, or horticultural organizations;

(6) Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(7) Reserved;

(8) Fraternal beneficiary societies, orders, or associations:

(A) Operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and

(B) Providing for the payment of life, sick, accident, or other benefits to the members of the society, order, or association, or their dependents;

(9) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or

other benefits to the members of the association or their dependents or designated beneficiaries, if no part of the net earnings of the association inures (other than through such payments) to the benefit of any private shareholder or individual;

(10) Domestic fraternal societies, orders, or associations, operating under the lodge system:

(A) The net earnings of which are devoted exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes; and

(B) Which do not provide for the payment of life, sick, accident, or other benefits;

(11) Reserved;

(12) Reserved;

(13)(A) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and

(B) A corporation chartered solely for the purpose of the disposal of bodies by burial or cremation which is not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(14)(A) Credit unions without capital stock organized and operated for mutual purposes and without profit;

(B) Corporations or associations without capital stock organized before September 1, 1957, and operated for mutual purposes and without profit for the purpose of providing reserve funds for, and insurance of shares or deposits in:

(i) Domestic building and loan associations,

(ii) Cooperative banks without capital stock organized and operated for mutual purposes and without profit;

(iii) Mutual savings banks not having capital stock represented by shares; or

(iv) Mutual savings banks described in section 591(b) or the Internal Revenue Code of 1986;

(C) Corporations or associations organized before September 1, 1957, and operated for mutual purposes and without profit for the purpose of providing reserve funds for associations or banks described in sub-subparagraph (i), (ii), or (iii) of subparagraph (B), if at least 85% of the income is attributable to providing such reserve funds and to investments. This subparagraph shall not apply to a corporation or association entitled to exemption under subparagraph (B) of this paragraph;

(15) Reserved;

(16) Reserved;

(17) Reserved;

(18) Reserved;

(19) A post or organization of past or present members of the Armed Forces of the United States, or an auxiliary unit or society of, or a trust or foundation for, a post or organization:

(A) Organized in the United States or any of its possessions;

(B) At least 75% of the members of which are past or present members of the Armed Forces of the United States and substantially all of the other members of which are individuals who are cadets or are spouses or domestic partners, or surviving spouses or domestic partners, of past or present members of the Armed Forces of the United States or of cadets; and

(C) No part of the net earnings of which inures to the benefit of any private shareholder or individual;

(20) Reserved;

(21) Reserved;

(22) Reserved;

(23) Reserved;

(24) Reserved;

(25) An organization described in section 501(c)(25) of the Internal Revenue Code of 1986;

(26) Insurance companies, companies which guarantee the fidelity of any individual or individuals, such as bonding companies, and companies which furnish abstracts of title or which insure titles to real estate, all of which pay taxes on their gross earnings, premiums, or gross receipts under existing laws of the District.

(b) The exemption under this section shall be effective on the effective date of the exemption determination

letter issued for the organization by the Internal Revenue Service.

(July 16, 1947, 61 Stat. 334, ch. 258, art. I, title II; Oct. 21, 1975, D.C. Law 1-23, title VI, § 601(3), 22 DCR 2106; Mar. 3, 1979, D.C. Law 2-147, § 2, 25 DCR 6987; Sept. 13, 1980, D.C. Law 3-95, § 102, 27 DCR 3509; June 11, 1982, D.C. Law 4-118, § 102, 29 DCR 1770; June 24, 1987, D.C. Law 7-9, § 2(c), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(b), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 202(a), 48 DCR 334; Sept. 12, 2008, D.C. Law 17-231, § 41(f), 55 DCR 6758; July 2, 2011, D.C. Law 18-378, § 3(jj)(1)(B), 58 DCR 1720.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1802.1.

1973 Ed., § 47-1554.

##### *Effect of Amendments*

D.C. Law 13-305 rewrote the section which had read:

"The following organizations shall be exempt from taxation under this section, except to the extent that such organizations have unrelated business income subject to tax under § 511 of the Internal Revenue Code of 1986 and such unrelated business income shall be taxed in the same manner and to the same extent as the tax imposed by subchapters VII and VIII of this chapter:

"(1) Labor organizations;

"(2) Fraternal beneficiary societies, orders, or associations:

"(A) Operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and

"(B) Providing for the payment of life, sick, or accident benefits to the members of such society, order, or association, or their dependents;

"(3) Cemetery companies owned and operated exclusively for the benefit of their members and which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private individual or shareholder;

"(4) Corporations, and any community chest, fund, or foundation, organized and operated to a substantial extent within the District, exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private individual or shareholder, no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation (except as otherwise provided in § 501(h) of the Internal Revenue Code of 1986 (26 U.S.C. § 501(h))) and which does not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office;

"(5) Business leagues, chambers of commerce, real estate boards, or boards of trade, not organized or operated for profit and no part of the net earnings of which inures to the benefit of any private individual or shareholder;

"(6) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted principally to charitable, educational, or recreational purposes within the District;

"(7) Insurance companies, companies which guarantee the fidelity of any individual or individuals, such as bonding companies, and companies which furnish abstracts of title or which insure titles to real estate, all of which pay taxes on their gross earnings, premiums, or gross receipts under existing laws of the District;

"(8) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt from the tax imposed by this chapter;

"(9) Corporations organized under acts of Congress, if such corporations are instrumentalities of the United States and if, under such acts, as amended and supplemented, such corporations are exempt from federal income taxes;

"(10) Voluntary employees' beneficiary associations providing for the payment of life, sick, or accident benefits to the members of such association or their dependents, if:

"(A) No part of their net earnings inures (other than through such payments) to the benefit of any private individual or shareholder; and

"(B) Eighty-five per centum or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses;

"(11) Voluntary employees' beneficiary associations providing for the payment of life, sick, or accident

benefits to the members of such association or their dependents or their designated beneficiaries, if:

"(A) Admission to membership in such association is limited to individuals who are officers or employees of the United States government or the government of the District of Columbia; and

"(B) No part of the net earnings of such association inures (other than through such payments) to the benefit of any private individual or shareholder;

"(12) An organization described in § 501(c)(25) of the Internal Revenue Code of 1986."

D.C. Law 17-231, in par. (19)(B), substituted "spouses or domestic partners, or surviving spouses or domestic partners," for "spouses, widows, or widowers".

D.C. Law 18-378 designated the text as subsec. (a); and subsec. (b).

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 471801.04.

Law 2-147, the "District of Columbia Charitable Organizations Conformity Tax Act of 1978," was introduced in Council and assigned Bill No. 2-377, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 28, 1978 and December 12, 1978, respectively. Signed by the Mayor on December 29, 1978, it was assigned Act No. 2-324 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 3-95, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 13-305, see notes under § 47-901.

For Law 17-231, see notes following § 47-802.

Law 18-378, the "District of Columbia Official Code Title 29 (Business Organizations) Enactment Act of 2009", was introduced in Council and assigned Bill No. 18-500, which was referred to the Committee on Public Services and Consumer Affairs. The Bill was adopted on first and second readings on December 7, 2010, and December 21, 2010, respectively. Signed by the Mayor on February 27, 2011, it was assigned Act No. 18-724 and transmitted to both Houses of Congress for its review. D.C. Law 18-378 became effective on July 2, 2011.

#### *Miscellaneous Notes*

Tax exemption of International Telecommunications Satellite Consortium: See the Act of October 22, 1970, 84 Stat. 1091, Pub. L. 91-494.

Section 203(a) of D.C. Law 13-305 provides:

"(a) Section 202(a) through (e) shall apply for all tax years beginning after December 31, 2000."

## **§ 47-1802.02. EXEMPT ORGANIZATIONS--REGULATIONS.**

The Mayor of the District of Columbia is authorized to promulgate regulations to carry out the purposes of § 47-1802.01(4), this section, and § 47-1802.03 and may amend, by regulation, the appropriate provisions of Title 16 of the District of Columbia Rules and Regulations.

(Mar. 3, 1979, D.C. Law 2-147, § 3, 25 DCR 6987; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1802.2.

1973 Ed., § 47-1555.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-147, see Historical and Statutory Notes following § 471802.01.

##### *Delegation of Authority*

Delegation of authority pursuant to Law 2-147, see Mayor's Order 86-134, August 19, 1986.

## **§ 47-1802.03. EXEMPT ORGANIZATIONS--APPLICABILITY OF PROVISIONS.**



Section 47-1802.02 and this section shall apply to taxable years beginning after December 31, 1977.  
(Mar. 3, 1979, D.C. Law 2-147, § 4(a), 25 DCR 6987; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1802.3.

1973 Ed., § 47-1556.

*Legislative History of Laws*

For legislative history of D.C. Law 2-147, see Historical and Statutory Notes following § 471802.01.

**§ 47-1802.04. EXEMPT ORGANIZATIONS--POLITICAL ORGANIZATIONS.**

The income of every political organization subject to tax under section 527 of the Internal Revenue Code of 1986 shall be taxed in the same manner and to the same extent as income of a corporation is taxed under subchapter VII of this Chapter.

(Apr. 4, 2003, D.C. Law 14-282, § 11(qq), 50 DCR 896.)

*HISTORICAL AND STATUTORY NOTES*

*Temporary Addition of Section*

For temporary (225 day) addition of section, see § 12(w) of Tax Clarity and Recorder of Deeds Temporary Act of 2002 (D.C. Law 14-191, October 5, 2002, law notification 49 DCR 9549).

For temporary (225 day) addition of section, see § 12(yy) of Tax Clarity and Related Amendments Temporary Act of 2003 (D.C. Law 14-228, March 23, 2003, law notification 50 DCR 2741).

*Emergency Act Amendments*

For temporary (90 day) addition of this section, see § 12(uu) of Tax Clarity and Recorder of Deeds Emergency Act of 2002 (D.C. Act 14-381, June 6, 2002, 49 DCR 5674).

For temporary (90 day) addition of this section, see § 12(w) of Tax Clarity and Related Amendments Emergency Act of 2002 (D.C. Act 14-456, July 23, 2002, 49 DCR 8107).

For temporary (90 day) addition of this section, see § 12(w) of Tax Clarity and Related Amendments Congressional Review Emergency Act of 2002 (D.C. Act 14- 510, October 23, 2002, 49 DCR 10247).

*Legislative History of Laws*

For legislative history of D.C. Law 2-147, see Historical and Statutory Notes following § 471802.01.

For Law 14-282, see notes following § 47-902.

*References in Text*

Section 527 of the Internal Revenue Code of 1986, referred to this section, is classified to 26 U.S.C.A. § 527.

**SUBCHAPTER III. NET INCOME, GROSS INCOME  
AND EXCLUSIONS THEREFROM, AND  
DEDUCTIONS.**

**§ 47-1803.01. "NET INCOME" DEFINED.**

For the purposes of this chapter and wherever appearing herein, unless otherwise required by the context, the words "net income" mean the gross income of a taxpayer less the deductions allowed by this chapter.

(July 16, 1947, 61 Stat. 335, ch. 258, art. I, title III, § 1; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

**§ 47-1803.02. GROSS INCOME--ITEMS INCLUDED AND EXCLUDED;  
"ADJUSTED GROSS INCOME" DEFINED.**

(a) *Gross income.* -- The words "gross income" shall have the same meaning as defined in § 61 of the Internal Revenue Code of 1986. In addition to the items specifically included or excluded by reference to §

61(b) of the Internal Revenue Code of 1986, the following items shall also be included or excluded in the computation of District gross income:

(1)(A) For taxpayers other than individuals, estates, and trusts, interest upon the obligations of a state, territory of the United States, or any political subdivision thereof, but not including the District, shall be included in the computation of District gross income.

(B) For individuals, estates, and trusts, interest upon the obligations of a state, territory of the United States, or any political subdivision thereof, but not including the District, acquired by the taxpayer on or after January 1, 2013, shall be included in the computation of District gross income.

(C) Nothing in this paragraph shall be construed as repealing or limiting the provisions of § 9-921.

(1A) Repealed.

(2) The following items shall be excluded in the computation of District gross income:

(A) After January 23, 1983, interest and dividend income on obligations or securities of the United States, or its agencies or instrumentalities, to the extent that this income is included in federal gross income.

(B) The amount of any income or gain included in the taxpayer's federal gross income for the taxable year to the extent that it was included as income or gain in an income or franchise tax return filed by:

(i) The taxpayer with the District for any taxable year beginning prior to January 1, 1982; or

(ii) An individual by reason of whose death the taxpayer acquired the right to receive the income or gain.

(C) The amount of any trust distribution to the taxpayer included in his federal gross income for the taxable year to the extent that such amount was previously taxed to the trust by the District.

(D) In the case of any person entitled to the distributive share of a trade or business net income that is from an unincorporated business as defined in § 47-1808.01, an amount equal to the pro rata distributive share, to the extent that portion of the distributive share so excluded is directly or indirectly reported by and taxed against any person under the provisions of this chapter.

(E) Any state or local income tax refund included in federal gross income.

(F) Income received or, in the case of a taxpayer reporting on an accrual basis, income accrued when the taxpayer was not a resident of the District.

(G) Income of any kind to the extent required by any treaty obligation of the United States, including reciprocal agreements between the United States and other countries relating to the taxability of their respective airlines and ships under foreign flag owned by foreign corporations.

(H) In the case of an International Banking Facility the gross income to the parent depository institution resulting from any IBF time deposit or any IBF loan; provided, however, that no expense or loss attributable to such income shall be allowed as a deduction under any other provision of this chapter, and; provided, further, that this exclusion from gross income shall not include any amount derived by an International Banking Facility from IBF time deposits or IBF loans if the loan or deposit of funds is secured by a mortgage, deed of trust, or other lien upon real property located within the District of Columbia.

(I) Income derived from the sale of tangible personal property to the United States by corporations and unincorporated businesses having their principal places of business located outside the District, which property is delivered from places outside the District for use outside the District; provided, however, that the taxpayer shall furnish to the Mayor a statement in writing of the amount of gross sales so made and, if required by the Mayor, a list of the names of the agencies of the United States through which such property was sold.

(J) Dues and initiation fees in the case of any club organized and operated exclusively for pleasure and recreation, no part of the net earnings of which inures to the benefit of any private individual or shareholder. As used in this subparagraph, the term "dues" means only sums paid or incurred by members on a monthly, quarterly, annual, or other periodic basis for the privilege of being members of such club and any pro rata assessment made against the members as such. The term "dues" does not include any sums paid or incurred by members or their guests for food, beverages, or other tangible personal property purchased or for the use of the club's social, athletic, sporting, and other facilities. The term "initiation fees" includes any payment, contribution, or loan, required as a condition precedent to membership, whether or not any such payment, contribution, or loan is evidenced by a certificate of interest or indebtedness.

(K) The amount of any compensation deferred under the employee deferred compensation program pursuant to § 47-3601; provided, that the amount of any such compensation or any income attributable to the amount of compensation so deferred shall be includable in gross income for the taxable years in which such compensation or other income is paid or otherwise made available to the employee or other beneficiary.

(L) Social security and tier 1 railroad retirement benefits subject to taxation under § 86 of the Internal Revenue Code of 1986.

(M) Certain disability income payments excludable under § 105(d) of the Internal Revenue Code of 1986 before the enactment of the Social Security Amendments of 1983 (26 U.S.C. § 86).

(N) Pension, military retired pay, annuity income, or survivor benefits received from the District of Columbia or the federal government by persons who are 62 years of age or older by the end of the taxable year, except that:

(i) The exclusion shall not exceed the lesser of \$3,000 or the actual amount of the pension, military retired pay, or annuity received during the taxable years; and

(ii) The pension, military retired pay or annuity is otherwise subject to taxation under this chapter.

(O) Repealed.

(P) In the case of any person entitled to a share in the income of any corporation which is an S corporation as defined in section 1361(a) of the Internal Revenue Code of 1986, an amount equal to the pro rata share of the income, to the extent that the portion of the income so excluded is directly or indirectly reported by and taxed against any person under the provisions of this chapter.

(Q) Qualified capital gain from the sale or exchange of a Qualified High Technology Company asset held for more than 5 years; provided, that in the case of a sale or exchange of an interest in a partnership or of stock in an S corporation, which entity was a Qualified High Technology Company during substantially all of the period the taxpayer held the interest or stock, the amount of qualified capital gain shall not include gain which:

(i) Is attributable to real property or an intangible asset which is not an integral part of a Qualified High Technology Company; and

(ii) Occurs before January 1, 2001 or after December 31, 2007.

(R) A relocation payment received under section 205 or 206 of the Housing Act of 2001 [§ 42-2851.05 or § 42-2851.06].

(S) The proceeds from the sale of, or the use of a transferred, tax credit under § 47-1806.08c.

(T) Homeownership assistance received by the eligible employee through a certified employer-assisted home purchase program, as those terms are defined in § 47-1807.07, and used for the purchase of a qualified residential real property.

(U) The amount received by a claimant, excluding backpay (as defined in § 47-1806.10(3)), frontpay (as defined in § 47-1806.10(5)), or punitive damages, whether by agreement (as reasonably allocated) or suit and whether as a lump sum or periodic payments, on account of a claim of unlawful discrimination.

(V) Income derived from any source, not to exceed \$10,000, for a person who has been determined to have a permanent and total disability by the Social Security Administration, is receiving Supplemental Security Income or Social Security Disability, is receiving railroad retirement disability benefits, or is receiving federal or District of Columbia government disability payments; and, whose household adjusted gross income, as defined in § 47-863(a)(2), is less than \$100,000.

(W) The amount of any health care insurance premium paid by an employer for a non-employee domestic partner, as the term "domestic partner" is defined in § 32-701(3).

(X) Loans awarded and subsequently forgiven under [Part F of subchapter IV of Chapter 3 of Title 1].

(Y) Fees retained by a retail establishment under § 8-102.03(b)(1).

(Z) Computations of discharge of indebtedness income under section 108(i) of the Internal Revenue Code of 1986.

(AA) The amount received by a taxpayer pursuant to § 8-1774.09.

(3) The monetary assistance provided to an owner of a housing accommodation under section 8 of the United States Housing Act of 1937, approved August 22, 1974 (88 Stat. 662; 42 U.S.C. § 1437f), either directly or through a tenant, shall be income.

(a-1) Notwithstanding subsection (a) of this section, for the purposes of the deduction for state sales and excise taxes on the purchase of certain motor vehicles, the term "gross income" shall have the same meaning as set forth in section 61 of the Internal Revenue Code of 1986, as that section existed on December 31, 2008.

(b) *Adjusted gross income.* -- The words "adjusted gross income" as used in this chapter mean:

(1) In the case of an individual, estate, or trust, the same meaning as defined in § 62 of the Internal

Revenue Code of 1986; and

(2) In the case of an individual, estate, or trust not required to file a District return for a complete calendar or fiscal year, gross income reported under subsection (a) of this section, less deductions allowed under § 62 of the Internal Revenue Code of 1986, which were paid or accrued during the period covered by the District return.

(c) Repealed.

(July 16, 1947, 61 Stat. 335, ch. 258, art. I, title III, § 2; May 3, 1948, 62 Stat. 207, ch. 246, § 3; May 27, 1949, 63 Stat. 130, ch. 146, title IV, §§ 403, 420; Sept. 4, 1957, 71 Stat. 605, Pub. L. 85-281, §§ 1, 3; June 27, 1960, 74 Stat. 219, Pub. L. 86-522, § 1; Sept. 19, 1966, 80 Stat. 812, Pub. L. 89-591, § 1; Oct. 31, 1969, 83 Stat. 176, 177, Pub. L. 91-106, title VI, §§ 601(b)(1), (2), 602; Oct. 21, 1975, D.C. Law 1-23, title VI, § 601(4), 22 DCR 2106; Apr. 19, 1977, D.C. Law 1-124, title IV, § 401(a), 23 DCR 8749; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-95, § 103(a), 27 DCR 3509; June 11, 1982, D.C. Law 4-118, § 103, 29 DCR 1770; July 24, 1982, D.C. Law 4-130, § 2, 29 DCR 2412; Sept. 17, 1982, D.C. Law 4-150, § 102, 29 DCR 3377; Oct. 8, 1983, D.C. Law 5-32, § 3(a), (b), 30 DCR 4013; Sept. 26, 1984, D.C. Law 5-118, § 6(c), 31 DCR 4034; Mar. 14, 1985, D.C. Law 5-147, § 2(b), 31 DCR 6416; July 24, 1986, D.C. Law 6-129, § 2(a), 33 DCR 3221; June 24, 1987, D.C. Law 7-9, § 2(d), (e), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(c)(1)-(4), 34 DCR 5097; July 8, 1988, D.C. Law 7-130, § 2(a), 35 DCR 4104; Sept. 21, 1988, D.C. Law 7-145, § 2(a), 35 DCR 5407; July 26, 1989, D.C. Law 8-17, § 2(a), 36 DCR 4160; Mar. 20, 1992, D.C. Law 9-86, § 2, 39 DCR 716; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 3, 2001, D.C. Law 13-256, § 406, 48 DCR 730; Apr. 19, 2002, D.C. Law 14-114, §§ 292(a), 302(b)(1), 901(b)(1), 49 DCR 1468; June 25, 2002, D.C. Law 14-165, § 2(b)(1), 49 DCR 4261; Oct. 19, 2002, D.C. Law 14-213, § 33(r), 49 DCR 8140; Mar. 13, 2004, D.C. Law 15-105, § 107, 51 DCR 881; Oct. 20, 2005, D.C. Law 16-33, § 1291, 52 DCR 7503; Mar. 8, 2006, D.C. Law 16-59, § 2, 53 DCR 17; Mar. 14, 2007, D.C. Law 16-294, § 16, 54 DCR 1086; Apr. 24, 2007, D.C. Law 16-305, § 73(d), 53 DCR 6198; Sept. 23, 2009, D.C. Law 18-55, § 9(a)(2), 56 DCR 5703; Mar. 3, 2010, D.C. Law 18-111, § 7121, 57 DCR 181; Mar. 12, 2011, D.C. Law 18-316, § 2, 57 DCR 12416; Mar. 31, 2011, D.C. Law 18-331, § 4, 58 DCR 22; Sept. 14, 2011, D.C. Law 19-21, § 8152, 58 DCR 6226; Sept. 20, 2012, D.C. Law 19-168, §§ 7152, 8009(a), 59 DCR 8025; Sept. 26, 2012, D.C. Law 19-171, § 118, 59 DCR 6190.)

## **§ 47-1803.03. GROSS INCOME--DEDUCTIONS.**

(a) *Deductions allowed.* -- The following deductions shall be allowed from gross income in computing net income of corporations, financial institutions, unincorporated businesses and partnerships:

(1) *Expenses.* -- All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business (except as otherwise provided herein); traveling expenses while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. Any business expenses allowed under this paragraph shall be subject to the same limitations as provided for in the Internal Revenue Code of 1986.

(2) *Interest.* -- All interest paid or accrued within the taxable year on indebtedness which is deductible under the provisions of § 163 of the Internal Revenue Code of 1986.

(3) *Taxes.* -- All taxes paid or accrued during the taxable year which are deductible under the provisions of § 164 of the Internal Revenue Code of 1986; provided, however, that no deduction shall be allowed for:

(A) Income taxes; or

(B) Franchise taxes imposed by this chapter.

(4) *Losses.* --

(A) Losses sustained during the taxable year and not compensated for by insurance or otherwise:

(i) If incurred in a trade or business; or

(ii) If incurred in any transaction entered into for the production or collection of income subject to tax under this chapter, or for the management, conservation, or maintenance of property held for the production of income subject to tax under this chapter, though not connected with any trade or business; or

(iii) Of property not connected with a trade or business, if the losses arise from fire, storm, shipwreck, or other casualty, or from theft.

(B) Deleted.

(5) *Bad debts.* -- Debts ascertained to be worthless and determined as deductible under § 166 and related sections of the Internal Revenue Code of 1986.

(6) *Insurance premiums.* -- All fire, tornado, and casualty insurance premiums paid during the taxable year in connection with property held for investment or used in a trade or business, the income from which is taxable under this chapter.

(7) *Depreciation.* -- A reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources, allowances for depletion as permitted by reasonable rules which the Mayor may promulgate. No deduction shall be allowed for the special depreciation allowance under section 168(k) of the Internal Revenue Code of 1986. The basis upon which such allowances are to be computed shall be the basis provided for in § 47-1811.04.

(8) *Charitable contributions.* -- Contributions or gifts, actually paid within the taxable year to or for the use of the District of Columbia, but only if the contribution or gift is made exclusively for public purposes, or any religious, charitable, scientific, literary, military, or educational institution, and no part of the net income of which inures to the benefit of any private shareholder or individual; provided, however, that such deductions shall be allowed only in an amount which in the aggregate of all such deductions does not exceed 15% of the adjusted gross income. For purposes of this section, the term "actually paid", when used with reference to the District of Columbia, includes compensation waived under § 1-611.15.

(9) *Contributions of an employer to an employees' trust or annuity plan and compensation under a deferred-payment plan.* -- In the return of an employer, contributions made by such employer to an employees' trust or annuity plan and compensation under a deferred-payment plan to the extent that deductions for the same are allowed the taxpayer under the provisions of § 404 of the Internal Revenue Code of 1986 (§ 404 of Title 26, United States Code).

(10) *Allocation of deductions.* -- In the case of corporations, financial institutions and unincorporated businesses, the deductions provided for in this section shall be allowed only for and to the extent that they are connected with income arising from sources within the District within the meaning of §§ 47-1810.01 to 47-1810.03; and the proper apportionment and allocation of the deductions to be allowed shall be determined by the Mayor under formula or formulas provided for in § 47-1810.02.

(11) *Reasonable allowance for salaries.* -- A reasonable allowance for salaries or other compensation for personal services actually rendered, except:

(A) No allowance shall be made for salaries or wages in an amount equal to the amount of the credit allowed under §§ 47-1808.04 and 47-1808.07; and

(B) In the case of an unincorporated business subject to the tax imposed by subchapter VIII of this chapter, the aggregate deduction for services rendered by individual owners or members actively engaged in the conduct of the unincorporated business shall not exceed 30% of the net income of the business, computed without the benefit of this deduction.

(12) *Regulated investment companies.* -- In the case of a regulated investment company as defined in § 851 of the Internal Revenue Code of 1986, which meets the requirements of § 852(a) of the Internal Revenue Code of 1986:

(A) The dividends paid by the regulated investment company which qualify for the dividends-paid deduction under § 852(b)(2)(D) and 852(b)(3)(A)(ii) of the Internal Revenue Code of 1986, including dividends considered as having been paid during the taxable year by reason of § 855 of the Internal Revenue Code of 1986; and

(B) Such amount as the regulated investment company shall designate for purposes of § 852(b)(3)(D)(ii) of the Internal Revenue Code of 1986 as undistributed long-term capital gains to be included in computing the long-term capital gains of the shareholder. Such amounts shall be included as gains from the sale or exchange of capital assets, as defined in this chapter, in computing such shareholder's taxable income as defined in § 47-1806.1.

(13) *Real estate investment trusts.* -- In the case of a real estate investment trust as defined in § 856 of the Internal Revenue Code of 1986, which meets the requirements of § 857(a) of the Internal Revenue Code of 1986, the dividends paid by the real estate investment trust which qualify for the dividends-paid deduction under § 857(b)(2)(C) and § 857(b)(3)(A)(ii) of the Internal Revenue Code of 1986, including dividends considered as having been paid during the taxable year by reason of § 858 of the Internal Revenue Code of 1986.

(14) *Net operating losses.* -- In computing the net income of a corporation, an unincorporated business, or a financial institution, there shall be allowed a deduction for net operating losses, in the same manner as allowed under § 172 of the Internal Revenue Code.

(A) For tax years beginning after December 31, 1999, net operating loss carrybacks shall not be allowed. Corporations, unincorporated businesses, or financial institutions, shall be allowed a deduction for apportioned District of Columbia net operating loss carryover to be deducted from the net income after apportionment.

(B) In the year of the loss, the apportioned District of Columbia net operating loss shall be

computed by multiplying the District of Columbia apportionment factor for the loss year against the amount of the net operating loss as defined in § 47-1801.04(34).

(C) The entire amount of the apportioned net operating loss for any taxable year shall be carried forward to the earliest of the succeeding taxable years to which such loss may be carried. The portion of such loss which may be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the apportioned taxable net income, adjusted by any modifications specified in this chapter, for each of the tax years to which such loss may be carried.

(D) The provisions of §§ 381, 382, and 384 of the Internal Revenue Code apply to carryovers. The limitation amount determined under § 382 shall be applied to net income, after apportionment, in each post-change year to which loss is carried.

(E)(i) In the case of a merger, acquisition, or consolidation, any pre-change losses and built-in losses, to the extent apportioned or allocated to the District of Columbia, with the additions, subtractions, modifications and other adjustments required for purposes of this chapter, shall be carried forward and subtracted when computing District of Columbia taxable income.

(ii) If an affiliated group files a federal consolidated return for District of Columbia net operating loss purposes, the net operating loss shall be computed as if the federal return has been filed on a separate basis for the District of Columbia.

(iii) If a company has been given permission by the Mayor to file a consolidated return, only the net operating losses of those corporations listed on the District of Columbia consolidated return may be included in determining the net operating loss deduction.

(F) No deduction shall be allowed for or with respect to losses connected with income producing activities if the income therefrom would not be required to be either assignable to the District of Columbia or included in computing the taxpayer's District of Columbia net income.

(G) The Mayor may require a taxpayer to furnish any information necessary to support a claim for deduction under this section, and no deduction shall be allowed unless the information is furnished.

(15) *Health insurance premiums.* -- All health insurance premium expenditures for domestic partners and family members of employees if offered to all of its full-time employees who are District of Columbia residents.

(16) *Subpart F income.* -- In computing the taxable income of a corporation, an unincorporated business, or a financial institution, there shall be allowed a deduction for Subpart F income as defined in § 47-1801.04(33) for taxable years beginning after December 31, 1994.

(17) Notwithstanding paragraph (10) of this subsection and § 47-1810.01(a)(2), in computing the net income of a corporation, there shall be allowed a deduction for all dividends received on or after March 1, 1997, from a wholly-owned subsidiary.

(18) *Election to expense certain depreciable business assets.*

(A) There shall be allowed as a deduction for the cost of property elected to be treated as not chargeable to capital account under section 179 of the Internal Revenue Code of 1986 an amount equal to the lesser of \$25,000 (or \$40,000 in the case of a Qualified High Technology Company ("QHTC")) or the actual cost of the property for the year the property is placed in service.

(B) If a QHTC is a tenant, the cost of any real property and leasehold improvements incurred by the QHTC shall be treated as costs within the meaning of subparagraph (A) of this paragraph regardless of whether or not such improvements become an integral part of the realty, which improvements shall include improvements described in subsections 702.3, 702.4, and 702.5 of Title 9 of the District of Columbia Municipal Regulations.

(19) [Repealed].

(a-1) *Deduction for domestic production activities disallowed.* -- In computing net income of corporations, financial institutions, unincorporated businesses, and partnerships, no deduction from gross income shall be allowed for the amount attributable to domestic production activities under section 199 of the Internal Revenue Code of 1986.

(b) *Deductions allowed -- Generally.* -- In the case of an individual, estate, or trust, deductions allowed under this section shall be the same (and to the same extent) as the deductions allowed by the Internal Revenue Code of 1986 on federal individual or fiduciary income tax returns; provided, however, that no deduction may be allowed for the following:

(1) Income taxes;

(2) Franchise taxes imposed by this chapter;

(3) Carryovers of charitable contributions made prior to January 1, 1982, and included as deductions for federal income tax purposes;

(4) Repealed.

(5) Any deduction passing to a stockholder in a small business corporation as defined in § 1371 of the Internal Revenue Code of 1954, making an election under § 1372(a) of the Internal Revenue Code of 1954, or an S Corporation as defined in § 1361(a) and (b) of the Internal Revenue Code of 1986, making an election under § 1362(a) of the Internal Revenue Code of 1986, which is otherwise deductible under the provisions of subsection (a) of this section and which was allowable in determining the taxable income of the small business corporation or S Corporation subject to tax under the provisions of subchapter VII of this chapter;

(6) [Repealed].

(7) [Repealed].

(8) The amount attributable to domestic production activities under section 199 of the Internal Revenue Code of 1986.

(b-1) An individual may deduct from gross income the amount the individual pays annually in premiums for long-term care insurance, as defined in § 31- 3601(5); provided, that the deduction shall not exceed \$500 per year, per individual, whether the individual files individually or jointly.

(b-2)(1) Beginning January 1, 2006, an individual who has been a classroom teacher in a public school or public charter school in the District of Columbia for the entire year for which the individual is filing or for the entire year prior to the year for which the individual is filing and is approved for teaching by the District of Columbia Public Schools may deduct from gross income:

(A) The amount the individual paid during the year for basic classroom materials and supplies necessary for teaching; provided, that the deduction shall not exceed \$500 per year, per individual, whether the individual files individually or jointly; and

(B) The amount the individual paid during the year as tuition and fees for post-graduate education, professional development, or state licensing examination and testing required for, or related to, improving teacher credentials or maintaining professional certification; provided, that the deduction shall not exceed \$1,500 per year, per individual, whether the individual files individually or jointly.

(2) The deductions under paragraphs(1)(A) and (B) of this subsection shall not be allowed to the extent the same expenses were claimed by the individual in computing federal adjusted gross income for the same taxable year under the Internal Revenue Code 1986.

(b-3) *Depreciation.* --

(1) Notwithstanding the provisions of subsection (b) of this section, there shall be allowed as a deduction a reasonable allowance for exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence; and including in the case of natural resources, allowances for depletion as permitted by reasonable rules which the Mayor may promulgate. The basis upon which such allowances are to be computed is the basis provided for in § 47-1811.04.

(2) Notwithstanding the provisions of paragraph (1) of this subsection:

(A) No deduction shall be allowed for the special depreciation allowance under section 168(k) of the Internal Revenue Code of 1986.

(B) There shall be allowed as a deduction for the cost of property elected to be treated as not chargeable to capital account under section 179 of the Internal Revenue Code of 1986 an amount of equal to the lesser of \$25,000 (or \$40,000 in the case of a Qualified High Technology Company) or the actual cost of the property for the year the property is placed in service.

(b-4) *Limitation on itemized deductions* --

(1) In the case of an individual whose District adjusted gross income exceeds the applicable amount, the amount of the itemized deductions otherwise allowable for the taxable year shall be reduced by 5% of the excess of the District adjusted gross income over the applicable amount.

(2) For the purposes of this subsection, the term:

(A) "Applicable amount" means \$200,000 (\$100,000, married, filing separately).

(B) "Itemized deductions" does not include the deduction:

(i) Under section 213 of the Internal Revenue Code of 1986 relating to expenses such as, for example, medical or dental;

(ii) For investment interest, as defined in section 163(d) of the Internal Revenue Code of 1986; and

(iii) Under section 165(a) of the Internal Revenue Code of 1986, for casualty or theft losses described in section 165(c)(2) and (3) of the Internal Revenue Code of 1986, or for losses described in section 165(d) of the Internal Revenue Code of 1986.

(3) This subsection shall be applied after the application of any other limitation on the allowance of any

itemized deduction.

(4) This subsection shall not apply to any estate or trust.

(c) *Standard deduction.* -- Every individual who claims the standard deduction on his or her federal income tax return shall claim the applicable standard deduction specified in § 47-1801.04(26). Every individual who itemizes deductions on his or her federal income tax return shall itemize the deductions permissible under this chapter. If spouses or domestic partners file separate returns, the applicable standard deduction shall be allowed to neither if the net income of one of the spouses or domestic partners is determined by itemizing deductions.

(d) *Deductions not allowed.* -- In computing net income, no deductions shall be allowed in any case for:

(1) Personal, living, or family expenses;

(2) Any amount paid out for new buildings or for permanent improvements or betterments, made to increase the value of any property or estate;

(3) Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;

(4) Premiums paid on any life insurance policy covering the life of any officer or employee or of any person financially interested in any trade or business carried on by the taxpayer when the taxpayer is directly or indirectly a beneficiary under such policy;

(5) If the net income of an unincorporated business for the taxable year is in excess of the exemption provided in § 47-1808.04, no deduction which is allowed or allowable under subsection (a) of this section from the gross income of any unincorporated business subject to the tax imposed by §§ 47-1808.01 to 47-1808.06 shall be allowed as deduction in the return and computation of the net income of any person entitled to share in the net income of such unincorporated business; and

(6)(A) Expenses incurred to produce income which is either exempt or not subject to taxation under this act.

(B) Notwithstanding subparagraph (A) of this paragraph, for the period beginning January 23, 1983, through September 30, 1984, expenses incurred to produce interest and dividend income on obligations or securities of the United States, or its agencies or instrumentalities, may be treated as expenses incurred to produce taxable income.

(7)(A) Any otherwise deductible interest expense or intangible expense if the interest expense or intangible expense is directly or indirectly paid to, or accrued or incurred by, one or more related members in connection directly or indirectly with one or more direct or indirect transactions.

(B) The disallowance under subparagraph (A) of this paragraph shall not apply to any portion of the interest expense or intangible expense to the extent that the corporation establishes, as determined by the Chief Financial Officer, that:

(i) The transaction giving rise to the payment of the interest expense or intangible expense between the corporation and the related member did not have as a principal purpose the avoidance of any portion of the tax due under this title;

(ii) The interest expense or intangible expense was paid pursuant to arm's length contracts at an arm's length rate of interest or price; and

(iii)(I) During the same taxable year, the related member directly or indirectly paid interest expense to, or the interest expense or intangible expense was accrued or incurred by, a person who is not a related member; or

(II)(aa) The related member was subject to a tax measured by its net income or receipts in the District, a state or possession of the United States, or a foreign nation that has entered into a tax treaty with the United States government;

(bb) A measure of the tax imposed by the District, a state or possession of the United States, or a foreign nation that has entered into a comprehensive tax treaty with the United States government included in the interest expense or intangible expense received by the related member from the corporation; and

(cc) The aggregate effective tax rate imposed on the amounts received by the related member is equal to or greater than 4.5%; provided, that a related member receiving the interest or intangible payment shall not be considered to be subject to a tax merely by virtue of the related member's inclusion in a combined or consolidated return in one or more states.

(C) A subtraction from federal taxable income shall be allowed from the taxable income of a corporation equal to the amount received as royalties, interest, or similar income from intangibles from a related member, to the extent the related member, with respect to the payment, is denied a deduction under subparagraph (A) of this paragraph or there is a similar deduction denial or addition modification of a state, possession of the United States, or of a foreign nation that has



entered into a comprehensive tax treaty with the United States government for intangible expenses or interest expenses paid to related members.

(D) For the purposes of this paragraph, the term:

(i) "Aggregate effective tax rate" means the sum of the effective rates of tax imposed by the District of Columbia, states, or possessions of the United States, and foreign nations that have entered into comprehensive tax treaties with the United States government, where a related member receiving a payment of interest expense or intangible expense is subject to tax and where the measure of the tax imposed included the payment.

(ii) "Intangible expense" means:

(I) An expense, loss, or cost for, related to, or in connection directly or indirectly with the direct or indirect acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property, to the extent the expense, loss, or cost is allowed as a deduction or cost in determining taxable income for the taxable year under the Internal Revenue Code of 1986;

(II) A loss related to or incurred in connection directly or indirectly with factoring transactions or discounting transactions; or

(III) A royalty, patent, technical, or copyright and licensing fee; or

(IV) Any other similar expense or cost.

(iii) "Intangible property" means patents, patent applications, trade names, trademarks, service marks, copyrights, and similar types of intangible assets.

(iv) "Interest expense" means an amount directly or indirectly allowed as a deduction under section 163 of the Internal Revenue Code for purposes of determining taxable income under the Internal Revenue Code of 1986.

(v) "Related entity" means a person that, under the attribution rules of section 318 of the Internal Revenue Code of 1986, is:

(I) A stockholder who is an individual or a member of the stockholder's family enumerated in section 318 of the Internal Revenue Code of 1986, if the stockholder and the members of the stockholder's family own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock;

(II) A stockholder or a stockholder's partnership, limited liability company, estate, trust, or corporation, if the stockholder and the stockholder's partnership, limited liability company, estate, trust, or corporation own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock; or

(III) A corporation or a party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of section 318 of the Internal Revenue Code of 1986, if the taxpayer owns directly, indirectly, beneficially, or constructively, at least 50% of the value of the corporation's outstanding stock.

(vi) "Related member" means:

(I) A person that, with respect to the taxpayer any time during the year, is a related entity;

(II) A component member, as defined in section 1563(b) of the Internal Revenue Code of 1986;

(III) A controlled group of which the taxpayer is also a component; or

(IV) Is a person to or from whom there is attribution of stock ownership in accordance with section 1563(e) of the Internal Revenue Code of 1986.

(e) *Lower income rental housing depreciation deduction.* -- An investor in a shared equity financing agreement may qualify for a depreciation deduction as provided in § 47-3507.

(July 16, 1947, 61 Stat. 337, ch. 258, art. I, title III, § 3; May 27, 1949, 63 Stat. 130, ch. 146, title IV, §§ 404-409; Mar. 31, 1956, 70 Stat. 69, ch. 154, §§ 3, 4; Sept. 4, 1957, 71 Stat. 606, Pub. L. 85-281, § 4; Oct. 31, 1969, 83 Stat. 177, Pub. L. 91-106, title VI, § 601(b)(3), (4); Aug. 28, 1970, 84 Stat. 834, Pub. L. 91-391, § 1; Jan. 5, 1971, 84 Stat. 1933, Pub. L. 91-650, title II, §§ 204, 205(a); Oct. 21, 1975, D.C. Law 1-23, title VI, § 601(5), (6), 22 DCR 2107; Nov. 1, 1975, D.C. Law 1-31, § 2, 22 DCR 2547; Feb. 3, 1976, D.C. Law 1-44, §§ 2, 3, 23 DCR 4055; June 15, 1976, D.C. Law 1-70, title XI, § 1101, 23 DCR 562; Apr. 19, 1977, D.C. Law 1-124, title IV, § 401(b), 23 DCR 8749; Sept. 23, 1977, D.C. Law 2-19, § 2, 24 DCR 3338; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-92, § 501, 27 DCR 3390; Sept. 13, 1980, D.C. Law 3-95, § 103(b)-(d), 27 DCR 3509; June 11, 1981, D.C. Law 4-7, § 3, 28 DCR 1672; June 11, 1982, D.C. Law 4-118, § 104, 29 DCR 1770; July 24, 1982, D.C. Law 4-131, § 108(a), (b), 29 DCR 2418; Oct. 8, 1983, D.C. Law 5-31, § 10(f), 30 DCR 3879; Oct. 8, 1983, D.C. Law 5-32, § 3(c), 30 DCR 4013; July 24, 1986, D.C. Law 6-129, § 2(b), 33 DCR 3221; June 24, 1987, D.C. Law 7-9, § 2(f), 34 DCR 3283; Oct. 1, 1987, D.C. Law

7-29, §§ (2)(c)(5)-(17), 4, 34 DCR 5097; Apr. 30, 1988, D.C. Law 7-104, § 39(a)-(c), 35 DCR 147; July 8, 1988, D.C. Law 7-130, § 2(b), 35 DCR 4104; Sept. 21, 1988, D.C. Law 7-141, § 2(b), 35 DCR 5398; Sept. 21, 1988, D.C. Law 7-145, § 2(b), 35 DCR 5407; Oct. 20, 1988, D.C. Law 7-177, § 10(a), 35 DCR 6158; July 26, 1989, D.C. Law 8-17, § 2(b), 36 DCR 4160; June 11, 1992, D.C. Law 9-114, § 11, 39 DCR 2861; June 14, 1994, D.C. Law 10-128, § 103(b), 41 DCR 2096; Apr. 12, 1997, D.C. Law 11-257, § 5, 44 DCR 1247; Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 20, 1999, D.C. Law 13-38, § 2702(g), 46 DCR 6373; Apr. 3, 2001, D.C. Law 13-256, § 404, 48 DCR 730; Oct. 1, 2002, D.C. Law 14-190, § 832(a), 49 DCR 6968; Dec. 7, 2004, D.C. Law 15-205, § 1062(a), 51 DCR 8441; Apr. 12, 2005, D.C. Law 15-330, § 2, 52 DCR 1979; Mar. 2, 2007, D.C. Law 16-191, §§ 4, 109(d), 53 DCR 6794; Mar. 2, 2007, D.C. Law 16-192, § 4012, 53 DCR 6899; Dec. 11, 2007, D.C. Law 17-61, § 2, 54 DCR 10951; Aug. 16, 2008, D.C. Law 17-219, §§ 7107(a), 7113, 55 DCR 7598; Sept. 12, 2008, D.C. Law 17-231, § 41(g), 55 DCR 6758; Mar. 3, 2010, D.C. Law 18-111, § 7081, 57 DCR 181; Sept. 14, 2011, D.C. Law 19-21, § 8012, 58 DCR 6226.)

## **SUBCHAPTER IV. ACCOUNTING PERIODS, INSTALLMENT SALES, AND INVENTORIES.**

### **§ 47-1804.01. ACCOUNTING PERIODS--COMPUTATION OF INCOME.**

The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the Mayor does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in § 47-1801.04(8) or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. If the taxpayer makes a federal income tax return, his income shall be computed, for the purposes of this subchapter, on the basis of the same calendar or fiscal year as in such federal income tax return, if the basis is accepted and approved by the Commissioner of Internal Revenue.

(July 16, 1947, 61 Stat. 339, ch. 258, art. I, title IV, § 1; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1804.1.

1973 Ed., § 47-1561.

##### *Effect of Amendments*

D.C. Law 13-126, rewrote subd. (28A), which previously read:

"The term 'Internal Revenue Code of 1986' means the Internal Revenue Code of 1986 (100 Stat. 2085; 26 U.S.C. 1 et seq.), as amended through August 20, 1996. The provisions of the Internal Revenue Code of 1986 shall be effective on the same dates that they are effective for Federal tax purposes."

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 471801.04.

### **§ 47-1804.02. ACCOUNTING PERIODS--PERIOD IN WHICH ITEMS OF GROSS INCOME INCLUDED.**

The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer unless, under methods of accounting permitted under § 47-1804.01, any such amounts are to be properly accounted for as of a different period. In the case of death of a taxpayer on the cash basis, no amount will be accrued on his final return; and on the accrual basis, amounts (except amounts includible in computing a partner's net income) accrued only by reason of the death of the taxpayer shall not be included in computing net income for the period in which falls the date of the taxpayer's death, but such amounts shall be included in the income of the person receiving such amounts by inheritance or survivorship from the decedent.

(July 16, 1947, 61 Stat. 339, ch. 258, art. I, title IV, § 2; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1804.2.

1973 Ed., § 47-1561a.

### **§ 47-1804.03. ACCOUNTING PERIODS--PERIOD FOR WHICH DEDUCTIONS AND CREDITS TAKEN.**

The deductions and credits provided for in this chapter shall be taken for the taxable year in which "paid or accrued" or "paid or incurred", dependent upon the method of accounting upon the basis of which the net income is computed unless, in order to clearly reflect the income, the deductions or credits should be taken as of a different period. In the case of death of a taxpayer on the cash basis, no amount will be allowed as a deduction which was accrued up to the date of the taxpayer's death; and on the accrual basis, no amount (except amounts includible in computing a partner's net income) accrued only by reason of the death of the taxpayer shall be included in computing net income for the period in which falls the date of the taxpayer's death but such amounts shall be deductible by the estate or other person who paid them or is liable for their payment.

(July 16, 1947, 61 Stat. 340, ch. 258, art. I, title IV, § 3; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1804.3.

1973 Ed., § 47-1561b.

### **§ 47-1804.04. INCOME FROM INSTALLMENT SALES.**

If a person reports any portion of his income from installment sales for federal income tax purposes under § 453 of the Internal Revenue Code of 1986 (§ 453 of Title 26, United States Code) and as the same may hereafter be amended and if such income is subject to tax under this chapter, he may report such income under this chapter in the same manner and upon the same basis as the same was reported by him for federal income tax purposes, if such method of reporting is accepted and approved by the Commissioner of Internal Revenue.

(July 16, 1947, 61 Stat. 340, ch. 258, art. I, title IV, § 4; May 27, 1949, 63 Stat. 131, ch. 146, title IV, § 410; June 24, 1987, D.C. Law 7-9, § 2(g), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(d), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1804.4.

1973 Ed., § 47-1561c.

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

### **§ 47-1804.05. INVENTORIES.**

Whenever in the opinion of the Mayor the use of inventories is necessary in order to properly determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the Mayor may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

(July 16, 1947, 61 Stat. 340, ch. 258, art. I, title IV, § 5; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1804.5.

1973 Ed., § 47-1561d.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 471801.04.

#### **§ 47-1804.06. AUTHORITY TO REJECT RETURNS.**

Notwithstanding any other provisions of this chapter, the Mayor is hereby authorized to reject any return of income reported on a cash basis where, in his opinion, the net income of the taxpayer is not properly reflected and cannot be determined on such basis, and to require the return to be filed on such a basis as in his opinion will properly reflect the net income of the taxpayer.

(July 16, 1947, 61 Stat. 340, ch. 258, art. I, title IV, § 6; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

##### *HISTORICAL AND STATUTORY NOTES*

###### *Prior Codifications*

1981 Ed., § 47-1804.6.

1973 Ed., § 47-1561e.

###### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 471801.04.

#### **§ 47-1804.07. AMOUNT.**

(a) *Fractional parts of dollar.* -- With respect to any amount required to be shown on a return, document or statement filed under this chapter, if such amount is other than a whole-dollar amount, either the fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case the amount (determined without regard to the fractional part of the dollar) shall be increased by \$1.

(b) [Repealed].

(c) *Inapplicability to computation.* -- The provisions of subsections (a) and (b) of this section shall not be applicable to items which must be taken into account in making the computations necessary to determine the amount required to be shown on a return, document or statement filed under this chapter, but shall be applicable only to such final amount.

(July 16, 1947, 61 Stat. 339, § 7, as added June 11, 1982, D.C. Law 4-118, § 105, 29 DCR 1770; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 402(a), 48 DCR 334.)

##### *HISTORICAL AND STATUTORY NOTES*

###### *Prior Codifications*

1981 Ed., § 47-1804.7.

###### *Effect of Amendments*

D.C. Law 13-305 repealed subsec. (b) which had read:

"(b) *Election not to use whole-dollar amounts.* -- Any person making a return, statement or other document shall be allowed to make such return, statement or document without regard to subsection (a) of this section."

###### *Legislative History of Laws*

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For Law 13-305, see notes under § 47-901.

###### *Miscellaneous Notes*

Section 410(a) of D.C. Law 13-305 provides:

"(a) Section 402(a) applies for all tax years beginning after December 31, 2001."

## **SUBCHAPTER V. RETURNS.**

#### **§ 47-1805.01. RETURNS--FORMS.**

(a) *Forms.* -- The Mayor is hereby authorized and directed to prescribe the forms of returns. All returns required under this subchapter shall be filed on the forms and in the manner prescribed by the Mayor.

(b) *Duty of Mayor; obligation of taxpayer.* -- Blank forms of returns of income shall be supplied by the

Mayor. It shall be the duty of the Mayor to obtain an income tax return from every taxpayer who is liable under this chapter to file such return; but this duty shall in no manner diminish the obligation of the taxpayer to file a return without being called upon to do so.

(c) *Information returns.* -- Every person subject to the jurisdiction of the District in whatever capacity acting, including receivers or mortgagors of real or personal property, fiduciaries, partnerships, and employers making payment of dividends, interest, rent, premiums, annuities, compensations, remunerations, emoluments, or other income to any person subject to tax under this chapter, shall render such returns thereof to the Mayor as he may by rule prescribe.

(d) [*Certificates of nonresidence.* -- Repealed].

(e) *Requirement to file joint federal returns.* -- Whenever a taxpayer is required by the Internal Revenue Code of 1986 to file a joint income tax return with his or her spouse in order to qualify for a tax benefit under the Internal Revenue Code of 1986, the taxpayer and spouse shall file either a joint return or separate returns on a combined individual form prescribed by the Mayor in order to qualify for a similar benefit afforded under this chapter.

(f) *Joint filing of returns for domestic partners.* - Domestic partners may file either a joint return or separate returns on a combined form prescribed by the Mayor as if the federal government recognized the right of domestic partners to file jointly.

(g) *Joint filing of returns for married same-sex individuals.* - Married same-sex individuals may file either a joint return or separate returns on a combined form prescribed by the Mayor as if the federal government recognized the right of married same-sex individuals to file jointly.

(July 16, 1947, 61 Stat. 340, ch. 258, art. I, title V, § 1; June 15, 1976, D.C. Law 1-70, title XI, § 1102, 23 DCR 563; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; June 11, 1982, D.C. Law 4-118, § 119, 29 DCR 1770; Oct. 8, 1983, D.C. Law 5-32, § 4, 30 DCR 4013; June 24, 1987, D.C. Law 7-9, § 2(h), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(e)(1), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Mar. 14, 2007, D.C. Law 16-292, § 2(b), 54 DCR 1080; Mar. 3, 2010, D.C. Law 18-108, § 2(b), 57 DCR 22.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1805.1.

1973 Ed., § 47-1564.

##### *Effect of Amendments*

D.C. Law 16-292 added subsec. (f).

D.C. Law 18-108 added subsec. (g).

##### *Legislative History of Laws*

For legislative history of D.C. Law 1-70, see Historical and Statutory Notes following § 471803.03.

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 5-32, see Historical and Statutory Notes following § 471816.03.

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 16-292, see notes following § 47-1801.04.

For Law 18-108, see notes following § 47-1801.04.

##### *Miscellaneous Notes*

Mayor authorized to issue regulations: Section 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provision of the act.

Applicability; conditional effect: Section 3 of D.C. Law 16-292, provided:

"(a) Section 2 shall apply as of January 1, 2007.

"(b) The Chief Financial Officer shall include the fiscal effect of the act in the next revised quarterly revenue estimate, less the amount to be allocated to section 1043 of the Fiscal Year 2007 Budget Support Act of 2006, signed by the Mayor on August 8, 2006 (D.C. Act 16-476; 53 DCR 6899), the Washington Stage Guild Exemption Act of 2006, effective September 26, 2006 (D.C. Law 16-172; D.C. Official Code § 10-1074), and the Organ and Bone Marrow Donor Act of 2006, signed by the Mayor on December 4, 2006 (D.C. Act 16-536; 53 DCR 9852).

"(c) This act shall take effect subject to the inclusion of its fiscal effect in an approved budget and financial

plan."

Section 3 of D.C. Law 18-108 provides:

"Section 2 shall apply for tax years beginning January 1, 2009."

## **§ 47-1805.02. RETURNS--PERSONS REQUIRED TO FILE.**

Each of the following persons shall file a return with the Mayor stating specifically the items of his gross income and the items claimed as deductions and credits allowed under this chapter, and such other information for the purpose of carrying out the provisions of this chapter as the Mayor may require:

(1) *Residents and nonresidents.* -- Every nonresident of the District receiving income subject to tax pursuant to this chapter and every resident of the District, except a fiduciary, who is required to file a federal return under the provisions of § 6012 of the Internal Revenue Code of 1986.

(2) *Fiduciaries.* --

(A) Every individual, if single, or if married and not living with spouse, for whom he or she acts, having met the filing requirements of § 6012 of the Internal Revenue Code of 1986;

(B) Every individual, if married and living with spouse, for whom he or she acts, having met the filing requirements of § 6012 of the Internal Revenue Code of 1986, except that if the fiduciary elects to file a separate return, the provisions of § 6012 of the Internal Revenue Code of 1986, relating to filing requirements for separate returns, shall be followed;

(C) Every estate for which he or she acts, the gross income of which for the taxable year is in excess of its personal exemption of \$885 for taxable years beginning after December 31, 1986, \$1,025 for taxable years beginning after December 31, 1987, \$1,160 for taxable years beginning after December 31, 1988, \$1,270 for taxable years beginning after December 31, 1989, and \$1,370 for taxable years beginning after December 31, 1990; and

(D) Every trust for which he or she acts, the gross income of which for the taxable year is \$100 or over.

(3) *Joint fiduciaries.* -- A return by one of 2 or more joint fiduciaries filed with the Mayor shall be sufficient compliance with the provisions of subsection (b) of this section.

(4) If any resident or nonresident or any fiduciary is unable to make his own return, the return shall be made by his duly authorized agent.

(5) *Corporations and financial institutions.* --

(A) Every corporation or financial institution engaging in or carrying on any trade or business within the District or receiving income from sources within the District within the meaning of §§ 47-1810.01 to 47-1810.03, even if the business or source income is exempt under other provisions of this chapter.

(B) Affiliated corporations (including affiliated incorporated financial institutions) shall file separate returns unless an election is made in accordance with the requirements of subparagraph (C) of this paragraph.

(C)(i) On or before the due date, including any extensions, for filing the original tax return, an affiliated group may elect to consolidate the taxable income of all members of the affiliated group. The election shall be binding on the affiliated group; provided, that the election shall terminate automatically upon the revocation or termination of its federal consolidation election.

(ii) In order to file a consolidated return, the affiliated group shall have properly elected, or was required, to file a consolidated federal return under section 1501 of the Internal Revenue Code of 1986.

(iii) The election to file a consolidated return shall be accompanied by written consents to the election signed by each of the members of the affiliated group.

(iv) The District may require that a consolidated return be filed for an affiliated group that is eligible, but has not elected, to file a consolidated return under this subparagraph if the District determines that a consolidated return is necessary to prevent evasion of taxes or to clearly reflect the taxable income that is attributable to the business conducted in the District by the affiliated group.

(v) In taxable years after the year of the election, a corporation that was not a member of the original affiliated group in the year of the election but is a member of the affiliated group in the current year shall be deemed to have waived any objection to the filing of the consolidated return in the District by its consent, if any, to join in filing a consolidated return in the District by the parent of the District affiliated group. In the case of a corporation that is a member of the affiliated group for a part of the taxable year, the consolidated return shall include the income of the corporation for the part of the year that it is a member of the affiliated group.

(vi) All members of the affiliated group that elected or was required to file a consolidated return in the District are jointly and severally liable for the taxes, interest, and penalties of the affiliated group.

(vii) The Mayor may promulgate regulations to determine, compute, assess, collect, and adjust, the tax liability of the affiliated group.

(D) For purposes of this paragraph, the term "affiliated group" means an affiliated group as defined in section 1504 of the Internal Revenue Code of 1986; provided, that the affiliated group shall not include any corporation which does not have gross income derived from sources within the District.

(6) *Unincorporated businesses.* -- Every unincorporated business engaging in or carrying on any trade or business within the District or receiving income from sources within the District within the meaning of §§ 47-1810.01 to 47-1810.03 and having a gross income of more than \$12,000, regardless of whether it has a net income. The return shall be made by the taxpayer or taxpayers liable for the payment of the tax.

(7) *Partnerships.* -- Every partnership, other than partnerships subject to the taxes imposed by §§ 47-1808.01 to 47-1808.06 on unincorporated businesses, engaged in any trade or business, or receiving income from sources within the District. There shall be included in such return the names and addresses of the individuals who would be entitled to share in the net income of the partnership, if distributed, and the amount of distributive share of each individual.

(7A) *Exempt organizations.* -- Every exempt organization exempt from tax that has unrelated business income subject to tax under section 511 of the Internal Revenue Code of 1986 or income subject to tax under section 527 of the Internal Revenue Code of 1986, as provided under § 47-1802.01.

(8) *Registration.* -- No person shall engage in or continue to engage in a trade, business or profession subject to taxes under the provisions of this chapter without first registering to do so. Such registration shall be made in such manner and on such forms as the Mayor shall prescribe and registration shall not be transferable. Whoever engages in a trade, business or profession which is subject to tax under the provisions of this chapter without first registering to do so, as required by this section, shall, upon conviction thereof be fined not more than \$500. Such failure to register shall also be subject to a civil penalty of \$50 a day for each day that such failure continues.

(July 16, 1947, 61 Stat. 341, ch. 258, art. I, title V, § 2; May 27, 1949, 63 Stat. 131, ch. 146, title IV, § 411; Mar. 31, 1956, 70 Stat. 69, ch. 154, § 5; Oct. 21, 1975, D.C. Law 1-23, title VI, § 601(7), 22 DCR 2107; Apr. 19, 1977, D.C. Law 1-124, title IV, § 401(c), 23 DCR 8749; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-95, § 104, 27 DCR 3509; June 11, 1982, D.C. Law 4-118, § 106, 29 DCR 1770; Sept. 17, 1982, D.C. Law 4-150, § 103, 29 DCR 3377; Oct. 1, 1987, D.C. Law 7-29, § 2(e)(2), (3), 34 DCR 5097; Sept. 21, 1988, D.C. Law 7-141, § 2(c), 35 DCR 5398; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 202(b), 302(b), 48 DCR 334; Apr. 4, 2003, D.C. Law 14-282, § 11(rr), 50 DCR 896.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1805.2.

1973 Ed., § 47-1564a.

##### *Effect of Amendments*

D.C. Law 13-305, in par. (5), substituted "unless an election is made in accordance with the requirements of subparagraph (C) of this paragraph" for "unless permitted by the Mayor to file consolidated returns" in subpar. (B), and added subpars. (C) and (D); and added par. (7A).

D.C. Law 14-282, in par. (5)(C)(i), substituted "including" for "excluding"; and rewrote par. (7A) which had read as follows:

"(7A) Exempt Organizations.--Every exempt organization that has unrelated business income subject to tax under section 511 of the Internal Revenue Code of 1986 as provided under § 47-1802.01."

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 12(ww) of Tax Clarity and Recorder of Deeds Temporary Act of 2002 (D.C. Law 14-191, October 5, 2002, law notification 49 DCR 9549).

For temporary (225 day) amendment of section, see § 12(ww) of Tax Clarity and Related Amendments Temporary Act of 2003 (D.C. Law 14-228, March 23, 2003, law notification 50 DCR 2741).

##### *Temporary Addition of Section*

For temporary (225 day) addition of section, see § 111(c) of Child Support and Welfare Reform Compliance Temporary Amendment Act of 1999 (D.C. Law 13-57, March 7, 2000, law notification 47 DCR 1979).

For temporary (225 day) addition of section, see § 111(c) of Child Support and Welfare Reform Compliance Temporary Amendment Act of 2000 (D.C. Law 13-207, March 31, 2001, law notification 48 DCR 3238).

#### *Emergency Act Amendments*

For temporary (90-day) authorization of social security number requirement, see § 111(b) of the Child Support and Welfare Reform Compliance Emergency Amendment Act of 1999 (D.C. Act 13-126, August 4, 1999, 46 DCR 6606).

For temporary (90-day) addition of § 47-2805.2 [1981 Ed.], see § 111(c) of the Child Support and Welfare Reform Compliance Emergency Amendment Act of 1999 (D.C. Act 13-126, August 4, 1999, 46 DCR 6606).

For temporary (90-day) authorization of social security number requirement, see § 111(c) of the Child Support and Welfare Reform Compliance Legislative Review Emergency Amendment Act of 1999 (D.C. Act 13-177, November 2, 1999, 46 DCR 9678).

For temporary (90-day) addition of § 47-2805.2 [1981 Ed.], see § 111(c) of the Child Support and Welfare Reform Compliance Legislative Review Emergency Amendment Act of 1999 (D.C. Act 13-177, November 2, 1999, 46 DCR 9678).

For temporary (90-day) authorization of social security number requirement, see § 111(c) of the Child Support and Welfare Reform Compliance Congressional Review Emergency Amendment Act of 1999 (D.C. Act 13-241, January 11, 2000, 47 DCR 581).

For temporary (90-day) addition of § 47-2805.2 [1981 Ed.], see § 111(c) of the Child Support and Welfare Reform Compliance Congressional Review Emergency Amendment Act of 1999 (D.C. Act 13-241, January 11, 2000, 47 DCR 581).

For temporary (90 day) amendment of section, see § 12(ww) of Tax Clarity and Recorder of Deeds Emergency Act of 2002 (D.C. Act 14-381, June 6, 2002, 49 DCR 5674).

For temporary (90 day) amendment of section, see § 12(ww) of Tax Clarity and Related Amendments Emergency Act of 2002 (D.C. Act 14-456, July 23, 2002, 49 DCR 8107).

For temporary (90 day) amendment of section, see § 12(ww) of Tax Clarity and Related Amendments Congressional Review Emergency Act of 2002 (D.C. Act 14-510, October 23, 2002, 49 DCR 10247).

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 1-124, see Historical and Statutory Notes following § 471803.02.

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 3-95, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 4-150, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 7-141, see Historical and Statutory Notes following § 471801.04.

For Law 13-305, see notes under § 47-901.

For Law 14-282, see notes following § 47-902.

#### *References in Text*

Sections 511 and 527 of the Internal Revenue Code of 1986, referred to in par. (7A), are classified to 26 U.S.C.A. §§ 511 and 527.

#### *Miscellaneous Notes*

Mayor authorized to issue regulations: Section 401 of D.C. Law 4-150 provided that the Mayor shall issue regulations necessary to carry out the provisions of the act.

Section 203(a) of D.C. Law 13-305 provides:

"(a) Section 202(a) through (e) shall apply for all tax years beginning after December 31, 2000."

Section 303(b) of D.C. Law 13-305 provides:

"(a) Section 302(b) shall apply for all tax years beginning after December 31, 2000."

#### *References in Text*

Section 6102 of the Internal Revenue Code of 1986, referred to in (2)(B), is 26 U.S.C.A. § 6012.

## **§ 47-1805.02A. COMBINED REPORTING.**



(a) For tax years beginning on and after December 31, 2010, a taxpayer engaged in a unitary business with one or more corporations that are part of a water's-edge combined group reporting pursuant to § 47-1810.07(a) shall file a combined report, which includes the income, determined under § 47-1810.04 and § 47-1810.05 and the allocation and apportionment factors determined under § 47-1810.02 of all such corporations, and other information as required by the Mayor. If a worldwide combined reporting election has been made, the taxpayer shall file a combined report that includes such income and factors of all the corporations that are members of the unitary business, and any other information as required by the Mayor.

(b) The Mayor may, by regulation, require a combined report to include the income and associated apportionment factors of any persons that are not included pursuant to subsection (a) of this section but that are members of a unitary business to reflect proper apportionment of income of the entire unitary business. If the Mayor determines that the reported income or loss of a taxpayer engaged in a unitary business with any person not included represents an avoidance or evasion of tax by the taxpayer, the Mayor may, on a case-by-case basis, require that all or any part of the income and associated apportionment factors be included in the taxpayer's combined report.

(c) With respect to inclusion of associated apportionment factors pursuant to this section, the Mayor may require the exclusion of any one or more of the factors, the inclusion of one or more additional factors, which will fairly represent the taxpayer's business activity in the District, or the employment of any other method to effectuate a proper reflection of the total amount of income subject to apportionment and an equitable allocation and apportionment of the taxpayer's income.

(d) The Mayor shall adopt regulations as necessary to ensure that the tax liability or net income of any taxpayer whose income derived from or attributable to sources within the District that is required to be determined by a combined report pursuant to § 47-1810.02 or § 47-1810.07 and of each entity included in the combined report, both during and after the period of inclusion in the combined report, is properly reported, determined, computed, assessed, collected, or adjusted.

(Sept. 14, 2011, D.C. Law 19-21, § 8002(c), 58 DCR 6226.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 302(c) of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) addition of applicability provision, see § 303 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

##### *Legislative History of Laws*

For history of Law 19-21, see notes under § 47-305.02.

##### *Miscellaneous Notes*

Sections 8003 and 8004 of D.C. Law 19-21 provide:

"Sec. 8003. Review of impact of combined reporting.

"After 2 full years of tax reporting have occurred under the combined reporting requirements imposed by section 8002, the Chief Financial Officer shall determine the economic effects of these requirements on affected taxpayers.

"Sec. 8004. Applicability.

"This subtitle shall apply for taxable years beginning after December 31, 2010."

## **§ 47-1805.03. RETURNS--FILING.**

(a) *Time and place.* -- All returns of income for the preceding taxable year required to be filed under the provisions of § 47-1805.01 shall be filed with the Mayor on or before the 15th day of April of each year, except that such returns, if made on the basis of a fiscal year, shall be filed on or before the 15th day of the 4th month following the close of such fiscal year; provided, however, that any return required to be filed, for the preceding year under the provisions of subchapter VII of this chapter shall be filed on or before the 15th day of March in each year, except that such returns, if made on the basis of a fiscal year, shall be filed on or before the 15th day of the 3rd month following the close of such fiscal year.

(b) *Extension of time.* -- The Mayor may grant a reasonable extension of time for filing the returns required by § 47-1805.02 whenever in his judgment good cause exists therefor, and he shall keep a record of every such extension. Except in case of a taxpayer who is not within the continental limits of the United States, no such extension shall be granted for more than 6 months, and in no case shall such extension be granted for more than 1 year.

(c) *Exempt Organizations.* -- Notwithstanding the provisions of -- subsection (a) of this section, unrelated business income tax returns of exempt organizations shall be filed on or before the 15th day of the 5th month following the close of the taxable year for the taxpayer.

(July 16, 1947, 61 Stat. 342, ch. 258, art. I, title V, § 3; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; June 11, 1982, D.C. Law 4-118, § 107, 29 DCR 1770; Oct. 8, 1983, D.C. Law 5-32, § 5, 30 DCR 4013; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 202(c), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1805.3.

1973 Ed., § 47-1564b.

##### *Effect of Amendments*

D.C. Law 13-305 added subsec. (c).

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 471801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 5-32, see Historical and Statutory Notes following § 471816.03.

For Law 13-305, see notes under § 47-901.

##### *Miscellaneous Notes*

Mayor authorized to issue regulations: Section 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provision of the act.

Section 203(a) of D.C. Law 13-305 provides:

"(a) Section 202(a) through (e) shall apply for all tax years beginning after December 31, 2000."

## **§ 47-1805.04. RETURNS--DIVULGENCE OF INFORMATION.**

(a) *Information not to be disclosed.* -- Except to any official of the District, having a right thereto in his official capacity, it shall be unlawful for any officer or employee, or any former officer or employee, of the District to divulge or make known in any manner the amount of income or any particulars relating thereto or the computation thereof set forth or disclosed in any return required to be filed under § 47-1805.01 or information pertaining to the interception of any tax refund pursuant to the provisions of the Project Setoff Liability Act of 1982, and neither the original nor a copy of any such return desired for use in litigation in court shall be furnished where neither the District nor the United States is interested in the result of such litigation, whether or not the request is contained in an order of the court; provided, however, that nothing herein contained shall be construed to prevent the furnishing to a taxpayer of a copy of his return upon the payment of a fee of \$3.50. The provisions of this subsection shall also be applicable to any federal, state, or local income tax returns or copies thereof and to any other federal, state, or local income tax information either submitted by the taxpayer or otherwise obtained; provided, further, that nothing in this section shall be construed to prevent public inspection of the application and its related financial documents of an organization that has been granted exemption from taxation under this chapter. Any inspection permitted under this subsection shall be made at such time and in such manner as the Mayor may prescribe.

(b) *Reciprocal exchange with the United States and the several states.* -- Notwithstanding the provisions of this section, the Mayor may permit the proper officer of the United States or of any state imposing an income tax or his authorized representative to inspect income tax returns filed with the Mayor or may furnish to such officer or representative a copy of any such income tax returns provided the United States or such state grant substantially similar privileges to the Mayor or his representative or to the proper officer of the District charged with the administration of this subchapter. The Internal Revenue Service of the Treasury Department of the United States is authorized and required to supply such information as may be requested by the Mayor relative to any person subject to the taxes imposed by this chapter.

(c) *Publication of statistics and delinquent lists.* -- Nothing contained in subsection (a) of this section shall be construed to prohibit the publication of statistics so classified as to prevent the identification of particular reports and the items thereof, or the publication of delinquent lists showing the names of taxpayers who have failed to pay their taxes at the time and in the manner provided by law, together with any relevant information which in the opinion of the Mayor may assist in the collection of such delinquent taxes.

(d) *Information which may be disclosed.* -- Nothing contained in subsection (a) of this section shall be construed to prohibit the Mayor, in his discretion, from divulging or making known any information contained in, or relating to, any report, application, license, or return required under the provisions of this

chapter other than such information as may be contained therein relating to the amount of income or any particulars relating thereto or the computation thereof.

(e) *Violations.* -- Any violation of the provisions of this section shall be a misdemeanor and shall be punishable by a fine not exceeding \$1,000, by imprisonment for not more than 1 year, or both, in the discretion of the court. All prosecutions under this section shall be brought in the Superior Court of the District of Columbia on information by the Attorney General for the District of Columbia or any of his assistants in the name of the District of Columbia.

(f) *Preservation of reports, applications, and returns.* -- All reports, applications, and returns received by the Mayor under the provisions of this chapter shall be preserved for 6 years, and thereafter until the Mayor orders them to be destroyed.

(g) *Disclosure to contractor.* -- Notwithstanding the provisions of subsection (a) of this section, any tax returns or other tax information required by this chapter may be disclosed to a contractor to the extent necessary to provide for the processing, storage, transmission, or reproduction of such returns and information or for the programming, maintenance, repair, testing, and procurement of equipment for purposes of tax administration. The provisions of subsections (a) and (e) of this section shall be applicable to all such contractors and former contractors and to their officers and employees and former officers and employees.

(h) *Disclosure to state agency requesting offset.* -- Notwithstanding the provisions of this section, the social security account number and the home address of a taxpayer whose tax refund has been intercepted under § 47- 1812.11 and this section, shall be disclosed upon the request of the state agency requesting the offset and of the District of Columbia agency under Part D in Subchapter IV of the Social Security Act (42 U.S.C. § 651 et seq.).

(i) *Disclosure for paternity and support purposes.* -- Notwithstanding any other provision of this section, the Mayor shall disclose, upon written or automated request, tax return or other related tax and revenue information to the agency that is responsible for administering or supervising the administration of the District's State Plan under title IV, part D, of the Social Security Act, approved January 4, 1975 (88 Stat. 2351; 42 U.S.C. § 651 et seq.), or the equivalent agency in another state. The Mayor shall only disclose a tax return or other related tax and revenue information that pertains to a support obligor or obligee, a person seeking a paternity, or support order, or a person against whom a paternity or support order is being sought. Tax return information that the Mayor obtains pursuant to a reciprocal exchange with a federal or state taxing authority shall be disclosed only with the consent of the taxing authority, to the extent that consent is required by federal law or the state law governing the taxing authority. Information shall be disclosed pursuant to this subsection only for purposes directly related to paternity establishment, or the establishment, modification, or enforcement of support order. For the purposes of this subsection, the term "support order" pertains to any obligation governed by § 46-201(15B).

(j) *Disclosure to the Superior Court of the District of Columbia.* -- Notwithstanding any other provision of this section, the Office of Tax and Revenue may furnish in accordance with § 11-1905 to the Superior Court of the District of Columbia, upon request of the Court, the names, addresses, and social security numbers of individuals who have filed a return under § 47- 1805.02(a).

(k) *Disclosure to the United States District Court for the District of Columbia* -- Notwithstanding any other provision of this section, the Office of Tax Revenue may furnish to the United States District Court for the District of Columbia, upon request of the court and in accordance with 28 U.S.C. § 1863(d), the names, addresses, and social security numbers of individuals who have filed a return under § 47-1805.02(a).

(July 16, 1947, 61 Stat. 342, ch. 258, art. I, title V, § 4; July 29, 1970, 84 Stat. 570, Pub. L. 91-358, title I, § 155(a); Mar. 16, 1978, D.C. Law 2- 57, § 3, 24 DCR 5426; Mar. 6, 1979, D.C. Law 2-158, §§ 2, 4, 25 DCR 7002; June 11, 1982, D.C. Law 4-118, § 108, 29 DCR 1770; Sept. 18, 1982, D.C. Law 4-154, § 3, 29 DCR 3486; Feb. 24, 1987, D.C. Law 6-166, § 33(g)(2), 33 DCR 6710; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 3, 2001, D.C. Law 13-269, § 112(a), 48 DCR 1270; Dec. 9, 2004, D.C. Law 15- 50, § 2(a), 50 DCR 8980; Apr. 13, 2005, D.C. Law 15-354, § 73(f), 52 DCR 2638; Mar. 2, 2007, D.C. Law 16-191, § 48(h)(2), 53 DCR 6794; July 7, 2009, D.C. Law 18-9, § 2, 56 DCR 3797.)

#### HISTORICAL AND STATUTORY NOTES

##### *Prior Codifications*

1981 Ed., § 47-1805.4.

1973 Ed., § 47-1564c.

##### *Effect of Amendments*

D.C. Law 13-269 added subsec. (i).

D.C. Law 15-50 added subsec. (j).

D.C. Law 15-354 substituted "Attorney General for the District of Columbia" for "Corporation Counsel".

D.C. Law 16-191, in subsec. (e), validated a previously made technical correction.

D.C. Law 18-9 added subsec. (k).

*Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 11 of Child Support and Welfare Reform Compliance Temporary Amendment Act of 1998 (D.C. Law 12-103, May 8, 1998, law notification 45 DCR 3254).

For temporary (225 day) amendment of section, see § 11(a) of Child Support and Welfare Reform Compliance Temporary Amendment Act of 1998 (D.C. Law 12-210, April 13, 1999, law notification 46 DCR 3832).

For temporary (225 day) amendment of section, see § 111(a) of Child Support and Welfare Reform Compliance Temporary Amendment Act of 1999 (D.C. Law 13-57, March 7, 2000, law notification 47 DCR 1979).

Section 2 of D.C. Law 18-1 added subsec. (k) to read as follows:

"(k) *Disclosure to the United States District Court for the District of Columbia.* - Notwithstanding any other provision of this section, the Office of Tax Revenue may furnish, in accordance with 28 U.S.C. § 1863(d), to the United States District Court for the District of Columbia ("Court"), upon request of the Court, the names, addresses, and social security numbers of individuals who have filed a return under § 47-1805.02(a)."

Section 4(b) of D.C. Law 18-1 provides that the act shall expire after 225 days of its having taken effect.

*Emergency Act Amendments*

For temporary amendment of section, see § 11 of the Child Support and Welfare Reform Compliance Emergency Amendment Act of 1997 (D.C. Act 12-222, December 23, 1997, 44 DCR 114) and § 11 of the Child Support and Welfare Reform Compliance Congressional Review Emergency Amendment Act of 1998 (D.C. Act 12-309, March 20, 1998, 45 DCR 1923), § 11(a) of the Child Support and Welfare Reform Compliance Second Emergency Amendment Act of 1998 (D.C. Act 12-439, August 12, 1998, 45 DCR 6110), § 11(a) of the Child Support and Welfare Reform Compliance Legislative Review Emergency Amendment Act of 1998 (D.C. Act 12-503, October 27, 1998, 45 DCR 8495), and § 11(a) of the Child Support and Welfare Reform Compliance Second Congressional Review Emergency Amendment Act of 1998 (D.C. Act 12-600, January 20, 1999, 46 DCR 1239).

For temporary repeal of D.C. Law 12-103, see § 13 of the Child Support and Welfare Reform Compliance Second Emergency Amendment Act of 1998 (D.C. Act 12-439, August 12, 1998, 45 DCR 6110).

For temporary (90-day) amendment of section, see § 111(a) of the Child Support and Welfare Reform Compliance Emergency Amendment Act of 1999 (D.C. Act 13-126, August 4, 1999, 46 DCR 6606).

For temporary (90-day) amendment of section, see § 111(a) of the Child Support and Welfare Reform Compliance Legislative Review Emergency Amendment Act of 1999 (D.C. Act 13-177, November 2, 1999, 46 DCR 9678).

For temporary (90-day) amendment of section, see § 111(a) of the Child Support and Welfare Reform Compliance Congressional Review Emergency Amendment Act of 1999 (D.C. Act 13-241, January 11, 2000, 47 DCR 581).

For temporary (90 day) amendment of section, see § 111(a) of the Child Support and Welfare Reform Compliance Emergency Amendment Act of 2000 (D.C. Act 13-446, November 11, 2000, 47 DCR 9213).

For temporary (90 day) addition of section, see § 112(a) of Child Support and Welfare Reform Compliance Congressional Review Emergency Amendment Act of 2001 (D.C. Act 14-5, February 13, 2001, 48 DCR 2440).

For temporary (90 day) amendment of section, see § 2(a) of Superior Court of the District of Columbia Master Jury List Project Clarification Emergency Act of 2003 (D.C. Act 15-111, July 29, 2003, 50 DCR 6571).

For temporary (90 day) amendment of section, see § 2(a) of Superior Court of the District of Columbia Master Jury List Project Clarification Legislative Review Emergency Act of 2003 (D.C. Act 15-201, October 24, 2003, 50 DCR 9831).

For temporary (90 day) amendment of section, see § 2 of Disclosure to the United States District Court Emergency Amendment Act of 2009 (D.C. Act 18-6, January 29, 2009, 56 DCR 1631).

*Legislative History of Laws*

For legislative history of D.C. Law 2-57, see Historical and Statutory Notes following § 47-405.

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 4-154, see Historical and Statutory Notes following § 47-1812.11.

Law 6-166 was introduced in Council and assigned Bill No. 6-134, which was referred to the Committee on Human Services and reassigned to the Committee on the Judiciary. The Bill was adopted on first and second readings on July 8, 1986 and September 23, 1986, respectively. Signed by the Mayor on October 9, 1986, it

was assigned Act No. 6-212 and transmitted to both Houses of Congress for its review.

Law 13-269, the "Child Support and Welfare Reform Compliance Amendment Act of 2000", was introduced in Council and assigned Bill No. 13-254, which was referred to the Committee on Human Services. The Bill was adopted on first and second readings on November 8, 2000, and December 5, 2000, respectively. Signed by the Mayor on January 8, 2001, it was assigned Act No. 13-559 and transmitted to both Houses of Congress for its review. D.C. Law 13-269 became effective on April 3, 2001.

Law 15-50, the "Superior Court of the District of Columbia Master Jury List Project Clarification Act of 2003", was introduced in Council and assigned Bill No. 15-66, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on July 8, 2003, and September 16, 2003, respectively. Signed by the Mayor on October 6, 2003, it was assigned Act No. 15-163 and transmitted to both Houses of Congress for its review. D.C. Law 15-50 became effective on December 9, 2003.

For Law 15-354, see notes following § 47-340.03.

For Law 16-191, see notes following § 47-308.02.

Law 18-9, the "Jury and Marriage Amendment Act of 2009", was introduced in Council and assigned Bill No. 18-10 which was referred to the Committee on Public Safety and the Judiciary. The Bill was adopted on first and second readings on April 7, 2009, and May 5, 2009, respectively. Signed by the Mayor on May 6, 2009, it was assigned Act No. 18-70 and transmitted to both Houses of Congress for its review. D.C. Law 18-9 became effective on July 7, 2009.

#### *References in Text*

The Bureau of Internal Revenue, originally referred to in the second sentence in subsection (b) of this section, was replaced by the Internal Revenue Service pursuant to Treasury Department Order 150-29..

The "Project Setoff Liability Act of 1982," referred to in the first sentence of subsection (a) of this section, is D.C. Law 4-154, codified as this section and § 47-1812.11.

### **§ 47-1805.05. RETURNS--CERTIFICATION BY QUALIFIED HIGH TECHNOLOGY COMPANY.**

(a) *Certification.* -- Except as otherwise provided herein, to claim a credit or other benefit under this title as a Qualified High Technology Company, a Qualified High Technology Company shall attach to its applicable tax return an original affidavit certifying that it is a Qualified High Technology Company.

(b) A taxpayer which certifies that is a Qualified High Technology Company shall be subject to audit, to the same extent as any other taxpayer, to verify that the taxpayer qualified as a Qualified High Technology Company.

(Apr. 3, 2001, D.C. Law 13-256, § 101(b)(2), 48 DCR 730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 13-256, see notes following § 47-1508.

## **SUBCHAPTER VI. TAX ON RESIDENTS AND NONRESIDENTS.**

### **§ 47-1806.01. TAX ON RESIDENTS AND NONRESIDENTS--"TAXABLE INCOME" DEFINED.**

For the purposes of this chapter, and unless otherwise required by the context, the term "taxable income" means the entire net income of every resident, in excess of the personal exemptions and credits for dependents allowed by § 47-1806.02 and that portion of the entire net income of every nonresident which is subject to tax under §§ 47-1808.01 to 47-1808.06.

(July 16, 1947, 61 Stat. 343, ch. 258, art. I, title VI, § 1; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1806.1.

1973 Ed., § 47-1567.

## **§ 47-1806.02. TAX ON RESIDENTS AND NONRESIDENTS--PERSONAL EXEMPTIONS.**

- (a) In the case of a resident, the exemptions provided by this section shall be allowed as deductions in computing taxable income.
- (b) An exemption shall be granted for the taxpayer and an additional exemption for the spouse (or domestic partner) of the taxpayer if the spouse (or domestic partner), for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (c) There shall be allowed an additional exemption for a taxpayer who qualifies as a head of household.
- (d) There shall be allowed an additional exemption for a taxpayer who is blind at the close of his or her taxable year, and an additional exemption for the spouse (or domestic partner) of the taxpayer if the spouse (or domestic partner) is blind at the close of the taxable year of the taxpayer and, if the spouse (or domestic partner), for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer, except that if the spouse (or domestic partner) dies during such taxable year the determination regarding blindness shall be made as of the time of death.
- (e) There shall be allowed an additional exemption for a taxpayer who has attained the age of 65 before the close of his or her taxable year, and an additional exemption for the spouse (or domestic partner) of the taxpayer if the spouse (or domestic partner) has attained the age of 65 before the close of his or her taxable year and, if the spouse (or domestic partner), for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.
- (f)(1) There shall be allowed an additional exemption for each dependent:
- (A) Whose gross income for the calendar year in which the year of the taxpayer begins is less than \$1,675, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50), or
  - (B) Who is a child of the taxpayer and who:
    - (i) Has not attained the age of 19 at the close of the calendar year in which the taxable year of the taxpayer begins; or
    - (ii) Is a student.
- (2) No exemption shall be allowed under this subsection for any dependent who has made a joint return with his or her spouse (or domestic partner) for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.
- (3) For purposes of this subsection:
- (A) The term "child" means a child as defined in § 151(c)(3) of the Internal Revenue Code of 1986; and
  - (B) The term "student" means a student as defined in § 151(c)(4) of the Internal Revenue Code of 1986.
- (g) In the case of a return made for a fractional part of a taxable year, the personal exemptions shall be reduced to amounts that bear the same ratio to the full exemptions provided as the number of months in the period for which the return is made bear to 12 months.
- (h) In the case of an individual for whom a deduction under this section is allowable to another taxpayer for a taxable year in which the taxable year beginning in the calendar year in which the individual's taxable year begins, the exemption amount applicable to the individual for his or her taxable year shall be zero.
- (i) For purposes of this section, the deduction for personal exemptions shall be \$1,675, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50).

(July 16, 1947, 61 Stat. 343, ch. 258, art. I, title VI, § 2; May 27, 1949, 63 Stat. 132, ch. 146, title IV, § 412; Mar. 31, 1956, 70 Stat. 70, ch. 154, § 6; Sept. 4, 1957, 71 Stat. 605, Pub. L. 85-281, § 2; Oct. 21, 1975, D.C. Law 1-23, title VI, § 601(8), 22 DCR 2109; Oct. 1, 1987, D.C. Law 7-29, § 2(f)(1), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 20, 2005, D.C. Law 16-33, § 1046(b), 52 DCR 7503; May 16, 2006, D.C. Law 16-98, § 2(e), 53 DCR 1869; Mar. 2, 2007, D.C. Law 16-191, § 5(c), 53 DCR 6794; Mar. 14, 2007, D.C. Law 16-292, § 2(c), 54 DCR 1080; Sept. 18, 2007, D.C. Law 17-20, § 1052, 54 DCR 7052; Mar. 3, 2010, D.C. Law 18-111, § 7241(d), 57 DCR 181.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1806.2.

1973 Ed., § 47-1567a.

#### *Effect of Amendments*

D.C. Law 16-33, rewrote subsecs. (f)(1)(A) and (i), which had read as follows:

"(A) Whose gross income for the calendar year in which the year of the taxpayer begins is less than \$885 for the taxable years beginning after December 31, 1986, less than \$1,025 for taxable years beginning after December 1, 1987, less than \$1,160 for taxable years beginning after December 31, 1988, less than \$1,270 for taxable years beginning after December 31, 1989, and less than \$1,370 for taxable years beginning after December 31, 1990; or"

"(i) For purposes of this section, the deduction for personal exemptions shall be as follows:

"(1) For taxable years beginning after December 31, 1986, \$885;

"(2) For taxable years beginning after December 31, 1987, \$1,025;

"(3) For taxable years beginning after December 31, 1988, \$1,160;

"(4) For taxable years beginning after December 31, 1989, \$1,270; and

"(5) For taxable years beginning after December 31, 1990, \$1,370."

D.C. Law 16-98, in subpar. (f)(1)(A), substituted "\$2,400, increased annually, beginning January 1, 2008, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50)" for "\$1,500"; in subsec. (i), substituted "\$2,400, increased annually, beginning January 1, 2008, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50)" for "\$1,500".

D.C. Law 16-191, in subsec. (f)(1)(A), validated a previously made technical correction.

D.C. Law 16-292 substituted "spouse (or domestic partner)" for "spouse" throughout the section.

D.C. Law 17-20, in subsecs. (f)(1)(A) and (i), substituted "\$1,675, increased annually, beginning January 1, 2009, by the cost-of-living adjustment (if the adjustment does not result in a multiple of \$50, rounded to the next lowest multiple of \$50)" for "\$1,500".

D.C. Law 18-111, in subsecs. (f)(1)(A) and (i), substituted "beginning January 1, 2013," for "beginning January 1, 2009,".

#### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see §§ 1046(b), 1047, of Fiscal Year 2006 Budget Support Emergency Act of 2005 (D.C. Act 16-168, July 26, 2005, 52 DCR 7667).

For temporary (90 day) amendment of section, see §§ 1052, 1053 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

For temporary (90 day) amendment of section, see § 7111(d) of Fiscal Year 2010 Budget Support Emergency Act of 2009 (D.C. Act 18-187, August 26, 2009, 56 DCR 7374).

For temporary (90 day) amendment of section, see § 7241(d) of Fiscal Year 2010 Budget Support Second Emergency Act of 2009 (D.C. Act 18-207, October 15, 2009, 56 DCR 8234).

For temporary (90 day) amendment of section, see § 7241(d) of Fiscal Year Budget Support Congressional Review Emergency Amendment Act of 2009 (D.C. Act 18-260, January 4, 2010, 57 DCR 345).

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 16-33, see notes following § 47-308.01.

For Law 16-98, see notes following § 47-802.

For Law 16-191, see notes following § 47-308.02.

For Law 16-292, see notes following § 47-1801.04.

For Law 17-20, see notes following § 47-305.02.

For Law 18-111, see notes following § 47-305.02.

#### *Miscellaneous Notes*

Section 1047 of D.C. Law 16-33 provides that § 1046 shall apply as of Jan. 1, 2006.

Section 3(b) of D.C. Law 16-98 provides that Section 2(d) and (e) shall apply as of January 1, 2007.

Effectiveness and expiration of D.C. Law 16-98: Section 4 of D.C. Law 16-98 required that "this act shall take effect subject to the inclusion of its fiscal effect in an approved budget and financial plan; provided, that this act shall expire on October 1, 2006 if its fiscal effect has not been included in an approved budget and financial plan or in the Fiscal Year 2007 Budget Request Act of 2006." The Budget Director of the Council of the District of Columbia has determined, as of November 2, 2007, that the fiscal effect of Law 16-98 had not been

included in an approved budget and financial plan by October 1, 2006. Therefore, the amendments made to this section by Law 16-98, have expired as if never in effect.

Short title: Section 1051 of D.C. Law 17-20 provided that subtitle F of title I of the act may be cited as the "Personal Exemption Increase Act of 2007".

Section 1053 of D.C. Law 17-20 provides this subtitle shall apply as of January 1, 2008.

**§ 47-1806.03. TAX ON RESIDENTS AND NONRESIDENTS--IMPOSITION AND RATES.**

(a)(1) In the case of a taxable year beginning after December 31, 1986, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	6% of the taxable income.
Over \$10,000 but not over \$20,000 ....	\$600, plus 8% of the excess over \$10,000.
Over \$20,000 .....	\$1,400, plus 10% of the excess over \$20,000.

(2) In the case of a taxable year beginning after December 31, 1987, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	6% of the taxable income.
Over \$10,000 but not over \$20,000 ....	\$600, plus 8% of the excess over \$10,000.
Over \$20,000 .....	\$1,400, plus 9.5% of the excess over \$20,000.

(3) In the case of a taxable year beginning after December 31, 1999, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	5% of the taxable income.
Over \$10,000 but not over \$20,000 ....	\$500, plus 7.5% of the excess over \$10,000.
Over \$20,000 .....	\$1,250, plus 9.5% of the excess over \$20,000.

(4)(A) In the case of a taxable year beginning after December 31, 2000, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:	
Not over \$10,000 .....	5% of the taxable income.	
Over \$10,000 but not over \$30,000 ....	\$500, plus 7.5% of the excess over \$10,000.	
Over \$30,000 .....	\$2,000, plus 9.3% of the excess over \$30,000.	

(B) Repealed.

(5)(A) In the case of a taxable year beginning after December 31, 2003, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	5.0% of the taxable income.
Over \$10,000 but not over \$30,000 ....	\$500, plus 7.5% of the excess over \$10,000.
Over \$30,000 .....	\$2,000, plus 9.0% of the excess over \$30,000.



(B) Subparagraph (A) of this paragraph shall not apply if:

- (i) The certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5%, or the real GDP growth is less than or equal to 1.7%; or
- (ii) The Mayor demonstrates, and the Chief Financial Officer certifies, that a proposed budget will not be balanced as required by § 1-206.03(c) if the scheduled tax rate decrease under subparagraph (A) of this paragraph takes effect.

(6)(A) In the case of a taxable year beginning after December 31, 2004, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	4.5% of the taxable income.
Over \$10,000 but not over \$40,000 ....	\$450, plus 7% of the excess over \$10,000.
Over \$40,000 .....	\$2,550, plus 8.7% of the excess over \$40,000.

(B) Subparagraph (A) of this paragraph shall not apply if:

- (i) The certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5%, or the real GDP growth is less than or equal to 1.7%; or
- (ii) The Mayor demonstrates, and the Chief Financial Officer certifies, that a proposed budget will not be balanced as required by § 1-206.03(c) if the scheduled tax rate decrease under subparagraph (A) of this paragraph takes effect.

(C) If the rate reduction scheduled for the previous year was not implemented, the rate imposed by this paragraph shall be the last unimplemented percentage decrease scheduled for a previous year, instead of that prescribed by this paragraph.

(7)(A) In the case of a taxable year beginning after December 31, 2005, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	4% of the taxable income.
Over \$10,000 but not over \$40,000 ....	\$400, plus 6% of the excess over \$10,000.
Over \$40,000 .....	\$2,200, plus 8.5% of the excess over \$40,000.

(B) Subparagraph (A) of this paragraph shall not apply if:

- (i) The certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5%, or the real GDP growth is less than or equal to 1.7%; or
- (ii) The Mayor demonstrates, and the Chief Financial Officer certifies, that a proposed budget will not be balanced as required by § 1-206.03(c) if the scheduled tax rate decrease under subparagraph (A) of this paragraph takes effect.

(C) If the rate reduction scheduled for the previous year was not implemented, the rate imposed by this paragraph shall be the last unimplemented percentage decrease scheduled for a previous year, instead of that prescribed by this paragraph.

(8)(A) In the case of a taxable year beginning after December 31, 2011, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
"Not over \$10,000 .....	4% of the taxable income
"Over \$10,000 but not over \$40,000 .....	\$400, plus 6% of the excess over \$10, 000.
"Over \$40,000 but not over \$350,000 .....	\$2,200, plus 8.5% of the excess over 40,000

"Over \$350,000 ..... \$28,550, plus 8.95% of the excess above  
\$350,000.

(B) This paragraph shall expire on January 1, 2016.

(b) In lieu of the method of computation provided for in subsection (a) of this section, individuals may elect to compute the tax in accordance with a tax table prescribed by the Mayor for such taxable year, subject to such rules and regulations as the Mayor may prescribe. The amount of tax to be paid under the tax table prescribed by the Mayor shall be consistent with the tax rates provided for in subsection (a) of this section.

(c) An individual not living with a spouse or domestic partner on the last day of the taxable year, for the purposes of this chapter, shall be considered as a single person.

(d) This section shall not apply to any return filed by a fiduciary for an estate or trust or to any married (or domestic partner) resident living with his or her spouse (or domestic partner) at any time during the taxable year where such spouse (or domestic partner) files a return and computes the tax thereon without regard to this section.

(e) If a spouse or domestic partner living together file separate returns, each shall be treated as a single person for the purposes of this section.

(July 16, 1947, 61 Stat. 344, ch. 258, art. I, title VI, §§ 3, 4; May 27, 1949, 63 Stat. 132, ch. 146, title IV, § 413; May 18, 1954, 68 Stat. 117, ch. 218, title XII, § 1201; Mar. 31, 1956, 70 Stat. 70, ch. 154, §§ 7, 8; Sept. 4, 1957, 71 Stat. 606, Pub. L. 85-281, § 5; Sept. 30, 1966, 80 Stat. 858, Pub. L. 89-610, title VII, § 701; Aug. 2, 1968, 82 Stat. 612, Pub. L. 90-450, title II, § 201; June 30, 1970, 84 Stat. 366, Pub. L. 91-297, title IV, § 401; Oct. 21, 1975, D.C. Law 1-23, title VI, § 601(9), 22 DCR 2110; June 15, 1976, D.C. Law 1-70, title XII, § 1201(a), 23 DCR 564; June 11, 1982, D.C. Law 4-118, § 109, 29 DCR 1770; Oct. 1, 1987, D.C. Law 7-29, § 2(f)(2), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 20, 1999, D.C. Law 13-38, § 2702(h), 46 DCR 6373; Oct. 1, 2002, D.C. Law 14-190, § 802(b), 49 DCR 6968; Mar. 14, 2007, D.C. Law 16-292, § 2(d), 54 DCR 1080; Sept. 12, 2008, D.C. Law 17-231, § 41(h), 55 DCR 6758; Sept. 20, 2012, D.C. Law 19-168, § 8009(b), 59 DCR 8025; Sept. 26, 2012, D.C. Law 19-171, § 37(c), 59 DCR 6190.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1806.3.

1973 Ed., § 47-1567b.

##### *Effect of Amendments*

D.C. Law 13-38 added new paragraphs (3) to (7) to subsec. (a).

Section 2703(c) of D.C. Law 13-38 provides: "Section 2702(f), (h), (i), and (j) shall apply for tax years beginning after December 31, 1999."

D.C. Law 14-190, in subsec. (a), repealed par. (4)(B), and rewrote pars. (5), (6), and (7). Pars. (4)(B), (5), (6), and (7) had read as follows:

"(B) Subparagraph (A) of this paragraph shall not apply if the certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5% or the real GDP growth is less than or equal to 1.7%.

"(5)(A) In the case of a taxable year beginning after December 31, 2001, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	5% of the taxable income.
Over \$10,000 but not over \$30,000 ....	\$500, plus 7% of the excess over \$10,000.
Over \$30,000 .....	\$1,900, plus 9% of the excess over \$30,000.

"(B) Subparagraph (A) of this paragraph shall not apply if the certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5% or the real GDP growth is less than or equal to 1.7%.

"(6)(A) In the case of a taxable year beginning after December 31, 2002, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
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Not over \$10,000 .....	4.5% of the taxable income.
Over \$10,000 but not over \$40,000 ....	\$450, plus 7% of the excess over \$10,000.
Over \$40,000 .....	\$2,550, plus 8.7% of the excess over \$40,000.

"(B) Subparagraph (A) of this paragraph shall not apply if the certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5% or the real GDP growth is less than or equal to 1.7%.

"(7)(A) In the case of a taxable year beginning after December 31, 2003, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over \$10,000 .....	4% of the taxable income.
Over \$10,000 but not over \$40,000 ....	\$400, plus 6% of the excess over \$10,000.
Over \$40,000 .....	\$2,200, plus 8.5% of the excess over \$40,000

"(B) Subparagraph (A) of this paragraph shall not apply if the certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5% or the real GDP growth is less than or equal to 1.7%."

D.C. Law 16-292, in subsec. (d), substituted "married (or domestic partner)" for "married" and "spouse (or domestic partner)" for "spouse".

D.C. Law 17-231, in subsec. (c), substituted "spouse or domestic partner" for "husband or wife"; and, in subsec. (e), substituted "spouses or domestic partners" for "husband and wife".

D.C. Law 19-168 added subsec. (a)(8).

D.C. Law 19-171, in subsec. (e), validated a previously made technical correction.

#### *Temporary Amendments of Section*

Section 6 of D.C. Law 19-53 added subsec. (a)(8) to read as follows:

"(8)(A) In the case of a taxable year beginning after December 31, 2011, there is imposed on the taxable income of every resident a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
"Not over \$ 10,000 .....	4% of the taxable income
"Over \$ 10,000 but not over \$ 40,000 ....	\$ 400, plus 6% of the excess over \$ 40,000.
"Over \$ 40,000 but not over \$ 350,000 ...	\$ 2,200, plus 8.5% of the excess over \$ 40,000
Over \$350,000 .....	\$28,550, plus 8.95% of the excess above \$350,000.

"(B) This paragraph shall expire as of January 1, 2016."

Section 15(b) of D.C. Law 19-53 provides that the act shall expire after 225 days of its having taken effect.

#### *Emergency Act Amendments*

For temporary (90-day) amendment of section, see §§ 2702(h) and 2703(c) of the Service Improvement and Fiscal Year 2000 Budget Support Emergency Act of 1999 (D.C. Act 13-110, July 28, 1999, 46 DCR 6320).

For temporary (90 day) amendment of section, see § 802(b) of Fiscal Year 2003 Budget Support Emergency Act of 2002 (D.C. Act 14-453, July 23, 2002, 49 DCR 8026).

For temporary (90 day) amendment of section, see § 6 of Revised Fiscal Year 2012 Budget Support Technical Clarification Emergency Amendment Act of 2011 (D.C. Act 19-157, October 4, 2011, 58 DCR 8688).

For temporary (90 day) amendment of section, see § 8009(b) of Fiscal Year 2013 Budget Support Emergency Act of 2012 (D.C. Act 19-383, June 19, 2012, 59 DCR 7764).

For temporary (90 day) amendment of section, see § 8009(b) of Fiscal Year 2013 Budget Support Congressional Review Emergency Act of 2012 (D.C. Act 19-413, July 25, 2012, 59 DCR 9290).

*Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 1-70, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 13-38, see notes following § 47-1801.04.

For Law 14-190, see notes following § 47-308.01.

For Law 16-292, see notes following § 47-1801.04.

For Law 17-231, see notes following § 47-802.

For history of Law 19-168, see notes under § 47-355.01.

For history of Law 19-171, see notes under § 47-369.01.

## **§ 47-1806.04. TAX ON RESIDENTS AND NONRESIDENTS--CREDITS--IN GENERAL.**

(a) The amount of tax payable under this subchapter by a resident of the District in respect to the taxable year shall be reduced by a credit equal to the amount of individual income tax such individual is required to pay and, in fact, has paid to any state, territory or possession of the United States, or political subdivision thereof, upon income attributable to such state, territory or possession of the United States, or political subdivision thereof, for such taxable year or portion thereof while concurrently a resident of the District. The credit provided under this subsection shall not exceed the proportion of the tax otherwise due under this chapter that the amount of the individual's adjusted gross income received by him, or accrued to him if on an accrual basis, subject to tax in the other jurisdiction bears to his entire adjusted gross income received by him, or accrued to him, while he was concurrently a resident of the District. The Mayor may require satisfactory proof of the payment of such income taxes to another jurisdiction. The credit provided by this subsection shall not be allowed against any tax imposed under §§ 47-1808.01 through 47-1808.06. Beginning with any taxable year after December 31, 1990, no franchise tax, license tax, excise tax, unincorporated business tax, occupation tax, or any tax characterized as such by the other taxing jurisdiction, even if applied to earned or business income, shall qualify as a credit under this section.

(b) The amount deducted and withheld as tax under this chapter during any calendar year upon the wages of any individual shall be allowed as a credit to the recipient of the income against the tax imposed by this chapter, for taxable years beginning in such calendar year. If more than 1 taxable year begins in such calendar year such amount shall be allowed as a credit against the tax for the last taxable year so beginning.

(c)(1) If a return is filed for a full calendar or fiscal year beginning after December 31, 1988, an individual who incurs household and dependent care services necessary to engage in gainful employment and who is allowed a credit under § 21 of the Internal Revenue Code of 1986, shall be allowed, against the tax imposed by this chapter for the taxable year, an amount equal to 32% of the credit allowed under § 21 of the Internal Revenue Code of 1986, regardless of the amount of the credit actually used to offset federal tax liability.

(2) If a return is filed for a period of less than a full calendar or fiscal year beginning after December 31, 1988, the credit allowed under this subsection shall be the credit calculated according to the provisions of paragraph (1) of this subsection, multiplied times the ratio that the employment-related expenses, allowed under § 21 of the Internal Revenue Code of 1986 and incurred during the period of residency in the District, bear to the total employment-related expenses allowed under § 21 of the Internal Revenue Code of 1986, and incurred for the whole taxable year.

(3) In no event shall the credit allowed under paragraph (1) or (2) of this subsection exceed the amount of tax otherwise due without reference to this subsection.

(d) This section shall take effect in accordance with the provisions of § 1-206.02(c)(1) and shall apply to taxable years beginning after December 31, 1978.

(e)(1) The amount of tax payable under this subchapter by a resident of the District in respect to the taxable year shall be reduced by a low income credit designed to make the District's income tax threshold equal to the federal income tax threshold. For purposes of this subsection, the term "tax threshold" means the point at which a taxpayer begins to owe income tax after allowance of the standard deduction and all personal exemptions to which the taxpayer is entitled, but before application of any itemized deductions or credits. The credit shall be calculated in accordance with a table prescribed by the Mayor.

(2) The credit provided for in paragraph (1) of this subsection shall not be allowed to a resident who has a federal tax liability determined in accordance with section 55 of the Internal Revenue Code of 1986 or who has elected to claim the earned income tax credit provided for in subsection (f) of this section.

(3) In no event shall the credit allowed under paragraph (1) of this subsection exceed the amount of the tax otherwise due without reference to this section.

(f)(1) If a return is filed for a full calendar or fiscal year beginning after December 31, 2004, an individual who is allowed an earned income tax credit under section 32 of the Internal Revenue Code of 1986 shall be allowed a credit against the tax imposed by this chapter for the taxable year in an amount equal to 40% of the earned income tax credit allowed under section 32 of the Internal Revenue Code of 1986; provided, that the credit shall not be allowed to a resident who has elected to claim the low income tax credit provided for in subsection (e) of this section.

(2) If a return is filed for a period of less than a full calendar or fiscal year beginning after December 31, 2004, the credit allowed under this subsection shall be reduced to the amount that bears the same ratio to the credit computed under the provisions of paragraph (1) of this subsection as the number of months in the period for which the return is made bears to 12 months.

(3) The credit allowed under this subsection shall be refundable to the resident claiming the credit.

(g)(1) A taxpayer described in paragraph (2) of this subsection, and who otherwise would not qualify for the earned income tax credit under subsection 32(b) of the Internal Revenue Code of 1986, shall be allowed a credit equal to the credit allowed in subsection (f) of this section.

(2) To qualify for a credit as described in subsection (f) of this section, a taxpayer shall satisfy all the following requirements during the entire period for which the taxpayer seeks the credit:

(A) The taxpayer shall be a District resident taxpayer;

(B) The taxpayer shall be between the ages of 18 and 30;

(C) The taxpayer shall be the parent of a minor child with whom the taxpayer does not reside;

(D) A court order shall require the taxpayer to make child support payments, which are payable through a government-sponsored support collection unit, which order must have been in effect for at least one-half of the taxable year for which the taxpayer is seeking the credit; and

(E) The taxpayer shall have paid an amount in child support in the taxable year at least equal to the amount of current child support due during the taxable year for which the taxpayer is seeking the credit.

(July 16, 1947, 61 Stat. 345, ch. 258, art. I, title VI, § 5; Mar. 31, 1956, 70 Stat. 71, ch. 154, § 9; Apr. 19, 1977, D.C. Law 1-124, title IV, § 401(d)(1), 23 DCR 8749; Mar. 3, 1979, D.C. Law 2-146, §§ 2, 3, 25 DCR 6987; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; June 11, 1982, D.C. Law 4-118, § 110, 29 DCR 1770; June 24, 1987, D.C. Law 7-9, § 2(i), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(f)(3)-(5), 34 DCR 5097; May 10, 1989, D.C. Law 7-231, § 50, 36 DCR 492; Sept. 20, 1989, D.C. Law 8-25, § 3, 36 DCR 4721; Sept. 26, 1995, D.C. Law 11-52, § 114, 42 DCR 3684; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 19, 2000, D.C. Law 13-172, § 2202, 47 DCR 6308; Sept. 6, 2001, D.C. Law 14-22, § 2, 48 DCR 5751; Oct. 20, 2005, D.C. Law 16-33, § 1052, 52 DCR 7503; Aug. 16, 2008, D.C. Law 17-219, § 7002, 55 DCR 7598.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1806.4.

1973 Ed., § 47-1567d.

##### *Effect of Amendments*

D.C. Law 13-172 added subsec. (f) and in subsec. (e)(2) substituted "a resident" for "any resident" and inserted "or who has elected to claim the earned income tax credit provided for in subsection (f) of this section."

D.C. Law 14-22 rewrote subsec. (f) which had read:

"(f)(1) If a return is filed for a full calendar or fiscal year beginning after December 31, 1999, an individual who is allowed an earned income tax credit under section 32 of the Internal Revenue Code of 1986 shall be allowed a credit against the tax imposed by this chapter for the taxable year in an amount equal to 10% of the earned income tax credit allowed under section 32 of the Internal Revenue Code of 1986; provided, that the credit shall not be allowed to a resident who has elected to claim the low income tax credit provided for in subsection (e) of this section.

"(2) If a return is filed for a period of less than a full calendar or fiscal year beginning after December 31, 1999, the credit allowed under this subsection shall be reduced to the amount that bears the same ratio to the credit computed under the provisions of paragraph (1) of this subsection as the number of months in the

period for which the return is made bears to 12 months.

"(3) The credit allowed under this subsection shall be refundable."

D.C. Law 16-33, added subsec. (g) and rewrote subsec. (f), which had read as follows:

"(f)(1) If a return is filed for a full calendar or fiscal year beginning after December 31, 2000, an individual who is allowed an earned income tax credit under section 32 of the Internal Revenue Code of 1986 shall be allowed a credit against the tax imposed by this chapter for the taxable year in an amount equal to 25% of the earned income tax credit allowed under section 32 of the Internal Revenue Code of 1986; provided, that the credit shall not be allowed to a resident who has elected to claim the low-income tax credit provided for in subsection (e) of this section.

"(2) If a return is filed for a period of less than a full calendar or fiscal year beginning after December 31, 2000, the credit allowed under this subsection shall be reduced to the amount that bears the same ratio to the credit computed under the provisions of paragraph (1) of this subsection as the number of months in the period for which the return is made bears to 12 months.

"(3) The credit allowed under this subsection shall be refundable."

D.C. Law 17-219, in subsec. (f)(1), substituted "40%" for "35%".

#### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2 of D.C. Resident Tax Credit Temporary Amendment Act of 1994 (D.C. Law 10-250, March 23, 1995, law notification 42 DCR 1649).

#### *Temporary Addition of Section*

Section 2(a) of D.C. Law 17-275 added a provision to read as follows:

"Sec. 7002a. Applicability.

"This act shall apply as of January 1, 2009."

Section 4(b) of D.C. Law 17-275 provides that the act shall expire after 225 days of its having taken effect.

#### *Emergency Act Amendments*

For temporary amendment of section, see § 114 of the Omnibus Budget Support Congressional Review Emergency Act of 1995 (D.C. Act 11-124, July 27, 1995, 42 DCR 4160).

For temporary (90-day) amendment of section, see § 2202 of the Fiscal Year 2001 Budget Support Emergency Act of 2000 (D.C. Act 13-376, July 24, 2000, 47 DCR 6574).

For temporary (90 day) amendment of section, see § 2202 of the Fiscal Year 2001 Budget Support Congressional Review Emergency Act of 2000 (D.C. Act 13-438, October 20, 2000, 47 DCR 8740).

For temporary (90 day) amendment of section, see §§ 1052, 1053 of Fiscal Year 2006 Budget Support Emergency Act of 2005 (D.C. Act 16-168, July 26, 2005, 52 DCR 7667).

For temporary (90 day) addition, see § 2 of Designated Appropriation Allocations Emergency Amendment Act of 2008 (D.C. Act 17-488, July 28, 2008, 55 DCR 9157).

For temporary (90 day) amendment of section, see § 201(c) of Fiscal Year 2009 Balanced Budget Support Emergency Amendment Act of 2008 (D.C. Act 17-572, December 2, 2008, 55 DCR 12452).

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-124, see Historical and Statutory Notes following § 47-1803.02.

Law 2-146, the "District of Columbia Resident Tax Credit Act of 1978," was introduced in Council and assigned Bill No. 2-370, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 28, 1978 and December 12, 1978, respectively. Signed by the Mayor on December 29, 1978, it was assigned Act No. 2-323 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

Law 7-231, the "Technical Amendments Act of 1988," was introduced in Council and assigned Bill No. 7-586, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 29, 1988 and December 13, 1988, respectively. Signed by the Mayor on January 6, 1989, it was assigned Act No. 7-285 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 8-25, see Historical and Statutory Notes following § 47-1801.04.

Law 11-52, the "Omnibus Budget Support Act of 1995," was introduced in Council and assigned Bill No. 11-

218, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on April 19, 1995, and June 6, 1995, respectively. Signed by the Mayor on July 13, 1995, it was assigned Act No. 11-94 and transmitted to both Houses of Congress for its review. D.C. Law 11-52 became effective on September 26, 1995.

Law 13-172, the "Fiscal Year 2001 Budget Support Act of 2000," was introduced in Council and assigned Bill No. 13-679, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on May 15, 2000, and June 6, 2000, respectively. Signed by the Mayor on June 26, 2000, it was assigned Act No. 13-175 and transmitted to both Houses of Congress for its review. D.C. Law 13-172 became effective on October 19, 2000.

Law 14-22, the "Earned Income Tax Credit Act of 2001", was introduced in Council and assigned Bill No. 14-21, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on April 3, 2001, and May 1, 2001, respectively. Signed by the Mayor on May 22, 2001, it was assigned Act No. 14-70 and transmitted to both Houses of Congress for its review. D.C. Law 14-22 became effective on September 6, 2001.

For Law 16-33, see notes following § 47-308.01

For Law 17-219, see notes following § 47-318.05a.

#### *Miscellaneous Notes*

Section 7033 of D.C. Law 17-219 repealed section 3 of D.C. Law 14-22.

Short title of subtitle L of title I of Law 16-33: Section 1052 of D.C. Law 16-33 provided that subtitle L of title I of the act may be cited as the Expansion of the Earned Income Tax Credit Act of 2005.

Section 1053 of D.C. Law 16-33 provides that § 1052(b) shall apply for taxable years beginning after December 31, 2005.

Short title: Section 7001 of D.C. Law 17-219 provided that subtitle A of title VII of the act may be cited as the "Earned Income Tax Credit Act of 2008".

## **§ 47-1806.05. TAX ON RESIDENTS AND NONRESIDENTS--CREDITS--CAMPAIGN CONTRIBUTIONS.[REPEALED]**

(July 26, 1989, D.C. Law 8-17, § 2(c), 36 DCR 4160.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1806.5.

##### *Legislative History of Laws*

For legislative history of D.C. Law 8-17, see Historical and Statutory Notes following § 47-1803.02.

## **§ 47-1806.06. TAX ON RESIDENTS AND NONRESIDENTS--CREDITS--PROPERTY TAXES.**

(a)(1) For purposes of providing relief to certain District of Columbia residents who own their principal place of residence and who reside in the same, an income tax credit shall be allowed to the eligible claimant equal to the amount by which all or a portion of real property taxes the taxpayer pays on his or her principal place of residence for the taxable year exceeds a percentage (as determined under paragraph (2) of this subsection) of his or her household gross income for that year. District of Columbia residents who rent their principal place of residence, who reside in the same and who are eligible claimants under the provisions of this section, shall be allowed an income tax credit equal to the amount by which rent paid constituting property taxes, deemed for the purposes of this subsection to be 15% of rent, on his or her principal place of residence for the taxable year, exceeds a percentage (as determined under paragraph (2) of this subsection) of his or her household gross income for that year and which exceeds the amount of any rental supplement payments, received by the claimant pursuant to the provisions of title III of the Rental Housing Act of 1977, during that year. The credit shall not exceed a total of \$750.

(2) For taxable years beginning after December 31, 1977, the percentage required under paragraph (1) of this subsection to be determined for claimants other than elderly, blind, or claimants with disabilities shall be the percentage specified in the following table:

Regular Circuit Breaker

If household income is:

Tax credit equals:

\$0-\$2,999	95% of property tax [FN*] exceeding 1.5% of household gross income
\$3,000-\$4,999	75% of property tax [FN*] exceeding 2.0% of household gross income
\$5,000-\$6,999	75% of property tax [FN*] exceeding 2.5% of household gross income
\$7,000-\$9,999	75% of property tax [FN*] exceeding 3.0% of household gross income
\$10,000-\$14,999	75% of property tax [FN*] exceeding 3.5% of household gross income
\$15,000-\$20,000	75% of property tax [FN*] exceeding 4.0% of household gross income
[FN*] or rent paid constituting property tax (15% of rent)	

(3) For taxable years beginning after December 31, 1977, the percentage required under paragraph (1) of this subsection to be determined for elderly, blind, or claimants with disabilities shall be the percentage specified in the following table:

Elderly, Blind, or Disabled Circuit Breaker

If household gross income is: The credit shall equal the amount of property taxes paid or rent paid constituting property taxes (15% of rent) which is in excess of the following percentage of household gross income:

Under \$4,999	1.0%
\$5,000 to \$9,999	1.5%
\$10,000 to \$14,999	2.0%
\$15,000 to \$20,000	2.5%

(4) All eligible claimants who rent their principal place of residence, who reside in the same and who receive rental supplements under the provisions of title III of the Rental Housing Act of 1977, shall, when computing their income tax credit pursuant to this section, deduct from the amount of said credit the total amount of rental supplements received during the taxable year. The amount of credit which is in excess of any rental supplements received shall constitute the eligible claimant's total income tax credit under this section. If the amount of rental supplements received exceeds the amount of credit calculated under this section, then the eligible claimant's credit shall equal zero.

(b) For purposes of this section:

(1)(A) The term "household gross income" means gains, profits, and income derived from salaries, wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees, or income derived from any trade or business or sales or dealings in property whether real or personal, including capital assets as defined in this chapter growing out of the ownership or sale of or interest in such property; income from rent, royalties, interest, dividends, securities, or transactions of any trade or business carried on for gain or profit, or gains or profits and income derived from any source whatever, including but not limited to cash distributions from a business or investment entity in which the claimant has an interest, alimony, and separate maintenance payments (including amounts received under separate maintenance agreements), strike benefits, cash public assistance and relief (not including relief or credit granted under this section), sick pay, workmen's compensation, proceeds of life insurance policies, the gross amount of any pension or annuity (including railroad retirement benefits, veterans' disability pensions, or payment received under the federal Social Security Act), state or District of Columbia unemployment compensation laws, and nontaxable interest received from the United States, a state or any agency or instrumentality thereof. The word "income" does not include gifts from nongovernmental sources, food stamps, or food or other relief in kind supplied by a governmental agency.

(B) In determining household gross income the exclusions from gross income as provided by § 47-1803.02(a) shall not apply.

(2) The term "household income" shall have the same meaning as the words "adjusted gross income"



as defined in subsection (c) of § 47-1803.02. For purposes of determining adjusted gross income within the meaning of this section, gross income shall mean household income as defined in this section.

(3) The term "home" means the claimant's dwelling house, whether owned or rented by the claimant, and so much of the land surrounding it as is reasonably necessary for use of the dwelling as a home, and may include a multi-unit building or a multi-purpose building and a part of the land upon which it is located.

(4) The term "claimant" means a person who has filed a claim under this section, was an owner of record of a home in the District, or a lessee, tenant at will, or tenant at sufferance paying rent on a home in the District, during the entire calendar year preceding the year in which he files a claim for relief under this section. Only 1 claimant per home and per household per year shall be entitled to relief under this section.

(5) The term "elderly claimant" means a claimant who is 62 years of age or older during any tax year or part thereof beginning after December 31, 1976, and who, together with his or her spouse or domestic partner, if any, provides 50% or more of the household gross income of the household of which he or she is a part.

(6) The term "blind claimant" means a claimant whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(7)(A) The term "disabled claimant" means a claimant unable to engage in any gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. Certification of such physical or mental impairment shall be attested to by a licensed physician selected by the claimant at his or her own expense. Such claims and certification shall be submitted in such form and in such manner and at such time as the Mayor shall prescribe.

(B) In the event that the Mayor shall determine that a claim made under the provisions of this subsection is unsubstantiated by available evidence, the Mayor may require the claimant to be examined by a licensed physician chosen by the Mayor at the expense of the District of Columbia government.

(8)(A) The term "rent paid" is that amount paid by a claimant to a landlord solely for the right of occupancy of a home in the District, including the right to use the personal property located therein. Utility charges may be included in the amount of rent paid if they are included in the amount paid to a landlord in connection with the right to occupancy. The term "rent paid" does not include:

(i) Rental supplements obtained under the provisions of title III of the Rental Housing Act of 1977;

(ii) Advance rental payments for another period;

(iii) Rental deposits, whether or not expressly set out in the rental agreement;

(iv) Any charges for medical services or food provided by the landlord; or

(v) Payments made to a landlord for the right of occupancy of property which is exempt from District real property taxes.

(B) The term "rent constituting property taxes accrued" means 15% of the rent paid in any calendar year by a claimant solely for the right of occupancy of his home in the calendar year, and which constitutes the basis of a claim in the succeeding calendar year for a credit for property taxes paid.

(c) In the event that any installment of rent for a calendar year for which a claim is filed is paid prior to the beginning of or subsequent to the end of such calendar year, it shall be included as rent for the year for which the claim was made and for no other year, and shall not be included as rent for purposes of this section for the year in which the installment was paid.

(d) If the Mayor determines that the rent paid was not the result of an agreement entered into at arm's length between the tenant and his landlord, the Mayor may adjust the rent to a reasonable amount for the purposes of this section.

(e)(1) Beginning with calendar year 1977, and for each succeeding calendar year, if a claimant owns and occupies his or her home in the District on December 31st of any such year, "property taxes accrued" means real property taxes (exclusive of special assessments, interest on a delinquency in payment of tax, and penalties and services charges) as reflected on the District real estate tax bill ordinarily sent out in September of such year; provided, however, that any amount of real property tax deferred under the provisions of § 47-845 shall be considered as "property taxes accrued" for the purpose of determining the credit allowable under this section. If a home is an integral part of a larger unit such as a multi-purpose building or a multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the home bears to the total value of the property.

(2) When a claimant owns or rents 2 or more different homes in the District in the same calendar year, "property taxes accrued" or "rent constituting property taxes accrued" shall be based on the claimant's status as an owner or renter on December 31st of such calendar year.

(3) When a claimant rents 2 or more different homes in the District in the same calendar year, rent paid by the claimant during that year shall be determined by dividing the rent paid pursuant to the last rental agreement in force during that calendar year by the number of months during that calendar year for which this rent was paid and by multiplying the result by 12.

(f) The right to file under this section shall be personal to the claimant, but such right may be exercised by his legal guardian or attorney-in-fact. The right to file a claim shall not survive the death of a claimant. If a claimant dies after having filed a claim, any amount refunded as a result thereof shall be disbursed to his estate; provided, that if no executor or administrator qualifies therein within 2 years of the filing of the claim, or no petition for distribution of a small estate is filed pursuant to §§ 20-2101 and 20-2102, the claim shall not be allowed.

(g) Subject to the limitations provided in this section, commencing with the taxable year beginning after December 31, 1974, and for succeeding taxable years, the claimant may claim as a credit against the District income taxes otherwise due on his income, property taxes accrued or rent constituting property taxes accrued for that year. If the allowable amount of such claim exceeds the income taxes otherwise due from the claimant, or other tax liabilities of the claimant to the District, or if there are no District income taxes due from the claimant, the amount of the claim not used as an offset against income taxes or other tax liabilities of the claimant to the District shall be paid or credited to the claimant. No interest shall be allowed on any payment made to a claimant pursuant to this section.

(h) No claim with respect to property taxes accrued or with respect to rent constituting property taxes accrued shall be allowed unless a District of Columbia individual income tax return or (if the claimant is not required to file such return) a claim for credit under this section is filed with the District on the forms and in such manner and with such information as the Mayor may prescribe. Any claim for credit shall be filed with the District on or before the expiration of the 3-year statute of limitations. The statute of limitations shall commence to run on April 15th of the year following the year for which the claim is made.

(i) The amount of any claim otherwise payable under this section may be applied by the District against any outstanding tax liability of the claimant to the District.

(j)(1) In determining eligibility for the credit allowable under this section, and for the purpose of determining outstanding tax liability (if any) of the claimant to the District household income for which the claim is filed and the claimant's outstanding tax liability (if any) shall be determined on the basis of the combined household income of all members present in the household.

(2) In the case of spouses or domestic partners who, during the entire calendar year for which a claim is filed under this section, maintain separate homes, for the purpose of determining household income and the claimant's outstanding tax liability (if any), such spouses or domestic partners shall be deemed to have been unmarried during the calendar year for which the claim is made.

(k) No credit shall be allowed under this subchapter for any year during which the person claiming the credit was a dependent, under any state, federal, or District law levying a tax on income, unless during that year such person is or becomes 65 years of age or older.

(l) A claimant whose claim is based on the amount of rent paid shall substantiate the rent paid upon a request by the Mayor.

(m)(1) If, on an audit of any claim filed under this section, the Mayor finds the amount to have been incorrectly computed, he shall determine the correct amount and notify the claimant in accordance with the procedures set forth in § 47-1812.05.

(2) If it is determined that a claim was filed with fraudulent intent, it shall be disallowed in full. If the claim has been paid or a credit has been allowed against income taxes otherwise payable, the credit shall be canceled and the amount paid shall be assessed against the claimant and recovered in the same manner as provided for the collection of taxes under § 47-412.

(n) No claim for relief under this section shall be allowed to any person who was not living in a home which was subject to District of Columbia real property taxation during the calendar year for which the claim is filed.

(o) The Mayor is authorized to provide a table which will approximate, as closely as feasible, the amount of relief allowable under this section.

(p) If it is determined by the District that a claimant received title to his home in the District or became legally obligated to pay rent for his home in the District primarily for the purpose of receiving benefits under the provisions of this section, his claim shall be disallowed.

(q) The Council of the District of Columbia is empowered to make such changes in the amount of annual relief provided under subsection (a) of this section as it may deem proper.

IV, § 401(d)(2), 23 DCR 8749; Feb. 28, 1978, D.C. Law 2-45, § 4, 24 DCR 3614; Mar. 3, 1979, D.C. Law 2-130, § 6, 25 DCR 2517; Nov. 20, 1979, D.C. Law 3-37, § 5, 26 DCR 1564; June 11, 1982, D.C. Law 4-118, § 112, 29 DCR 1770; July 24, 1982, D.C. Law 4-131, § 108(c), (d), 29 DCR 2418; Apr. 30, 1988, D.C. Law 7-104, § 39(d), (e), 35 DCR 147; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 24, 2007, D.C. Law 16-305, § 73(e), 53 DCR 6198; Sept. 12, 2008, D.C. Law 17-231, § 41(i), 55 DCR 6758.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1806.6.

1973 Ed., § 47-1567g.

##### *Effect of Amendments*

D.C. Law 16-305 substituted "claimants with disabilities" for "disabled claimants", throughout the section.

D.C. Law 17-231, in subsec. (b)(5), substituted "spouse or domestic partner" for "spouse"; and, in subsec. (j)(2), substituted "spouses or domestic partners" for "husband and wife".

##### *Legislative History of Laws*

For legislative history of D.C. Law 1-124, see Historical and Statutory Notes following § 47-1803.02.

Law 2-45, the "Residential Property Tax Relief Act of 1977," was introduced in Council and assigned Bill No. 2-127, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first, amended first, and second readings on June 28, 1977, July 26, 1977 and September 13, 1977, respectively. Signed by the Mayor on November 2, 1977, it was assigned Act No. 2-96 and transmitted to both Houses of Congress for its review.

Law 2-130, the "District of Columbia Renters and Homeowners Tax Reduction Act of 1978," was introduced in Council and assigned Bill No. 2-318, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 27, 1978 and July 25, 1978, respectively. Signed by the Mayor on August 30, 1978, it was assigned Act No. 2-268 and transmitted to both Houses of Congress for its review.

Law 3-37, the "Real Property Tax Classifications Act for Tax Year 1980," was introduced in Council and assigned Bill No. 3-141, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on July 31, 1979 and September 11, 1979, respectively. Signed by the Mayor on September 28, 1979, it was assigned Act No. 3-104 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-104, see Historical and Statutory Notes following § 47-1803.03.

For Law 16-305, see notes following § 47-802.

For Law 17-231, see notes following § 47-802.

##### *References in Text*

The definition of "adjusted gross income," referred to as being contained in subsection (c) of § 47-1803.2 in subsection (b)(2), is now contained in subsection (b) of § 47-1803.02.

"The Rental Housing Act of 1977," referred to in (b)(8)(A)(i), is D.C. Law 2-54, which had been codified as Chapter 34 of title 42, and has been superseded by the Rental Housing Act of 1980, D.C. Law 3-131. See also § 42-3401.03(15).

Sections 20-2101 and 20-2102, referred to near the end of subsection (f) of this section, refer to sections contained in Title 20 prior to the title's revision by D.C. Law 3-72, effective June 24, 1980.

##### *Miscellaneous Notes*

Definitions applicable: The definitions in § 47-803 apply to this section.

## **§ 47-1806.07. TAX ON RESIDENTS AND NONRESIDENTS--REDUCTION OF TOP RATE TO GOAL OF 8% OR LOWER.**

Beginning February 1, 2000, in addition to the operative rate reductions provided for in this title, the Mayor and the Council shall consider reducing the highest individual income tax rate in § 47-1806.03 to a goal of 8% or lower, if:

- (1) the Comprehensive Annual Financial Report for the immediately preceding fiscal year shows that actual local source general fund revenue exceeds the original forecast of such revenue presented in

the immediately preceding fiscal year's budget submission to Congress;

(2) The Chief Financial Officer certifies that less than half of the excess local source general fund revenue for the immediately preceding fiscal year is derived from non-recurring sources;

(3) The Chief Financial Officer certifies that the nominal GDP growth is greater than or equal to 3.5%, and the real GDP growth is greater than or equal to 1.7%; and

(4) The Mayor and the Council shall consider the need for further tax reductions in conjunction with other government needs.

(Oct. 20, 1999, D.C. Law 13-38, § 2704(b), 46 DCR 6373.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90-day) addition of section, see § 2704(b) of the Service Improvement and Fiscal Year 2000 Budget Support Emergency Act of 1999 (D.C. Act 13-110, July 28, 1999, 46 DCR 6320).

##### *Legislative History of Laws*

For Law 13-38, see notes following § 47-1801.04.

##### *References in Text*

"This title", referred to in the introductory language of this section, is title XXVII of D.C. Law 13-38, the "Tax Parity Act of 1999".

## **§ 47-1806.08. TAX ON RESIDENTS AND NONRESIDENTS ----CREDITS ---- TARGETED HISTORIC HOUSING CREDIT ----DEFINITIONS.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

##### *Miscellaneous Notes*

Section 1101 of D.C. Law 14-114 provides: "The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), shall promulgate rules to implement this act."

Short title: Section 2301 of D.C. Law 17-20 provided that subtitle R of title II of the act may be cited as the "Targeted Historic Tax Credit Repeal Act of 2007".

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

## **§ 47-1806.08A. TAX ON RESIDENTS AND NONRESIDENTS ----CREDITS ---- TARGETING HOUSING HISTORIC CREDIT ----ALLOWABLE CREDIT.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

*Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

*Miscellaneous Note*

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

**§ 47-1806.08B. TAX ON RESIDENTS AND NONRESIDENTS ----CREDITS ----  
TARGETED HISTORIC HOUSING CREDIT ----REFUND OF  
CREDIT.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

*HISTORICAL AND STATUTORY NOTES*

*Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

*Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

*Miscellaneous Note*

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

**§ 47-1806.08C. TAX ON RESIDENTS AND NONRESIDENTS ----CREDITS ----  
TARGETED HISTORIC HOUSING CREDIT ----TRANSFERABILITY OF  
CREDIT.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

*HISTORICAL AND STATUTORY NOTES*

*Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

*Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

*Miscellaneous Note*

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

**§ 47-1806.08D. TAX ON RESIDENTS AND NONRESIDENTS ----CREDITS ----  
TARGETED HISTORIC HOUSING CREDIT ----LIEN; CANCELLATION OF  
CREDIT; PENALTY.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

##### *Miscellaneous Note*

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

### **§ 47-1806.08E. TAX ON RESIDENTS AND NONRESIDENTS ----CREDITS ---- TARGETED HISTORIC HOUSING CREDIT ----APPLICABILITY TO NONPROFIT CORPORATIONS.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

##### *Miscellaneous Note*

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

### **§ 47-1806.08F. TAX ON RESIDENTS AND NONRESIDENTS ---- CREDITS ---- TARGETED HISTORIC HOUSING CREDIT ---- CAP; ADMINISTRATIVE COSTS.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Oct. 20, 2005, D.C. Law 16-33, § 2212(b), 52 DCR 7503; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 16-33, rewrote section, which had read:

"The Mayor may approve up to \$1,250,000 of credits under § 47-1806.08a each fiscal year from fiscal year 2003 through fiscal year 2006."

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2212(b) of Fiscal Year 2006 Budget Support Emergency Act of 2005 (D.C. Act 16-168, July 26, 2005, 52 DCR 7667).

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance

Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

*Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-33, see notes following § 42-1102.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

*Miscellaneous Notes*

Short title of subtitle M of title II of Law 16-33: Section 2211 of D.C. Law 16-33 provided that subtitle M of title II of the act may be cited as This subtitle may be cited as the Targeted Historic Housing Tax Credit Act of 2005.

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

**§ 47-1806.08G. TAX ON RESIDENTS AND NONRESIDENTS ----CREDITS ----  
TARGETED HISTORIC HOUSING CREDIT ----APPLICABILITY DATE;  
MAYORAL CERTIFICATION.[REPEALED]**

(Apr. 19, 2002, D.C. Law 14-114, § 302(b)(2), 49 DCR 1468; Mar. 14, 2007, D.C. Law 16-294, § 4, 54 DCR 1086; Sept. 18, 2007, D.C. Law 17-20, § 2302, 54 DCR 7052.)

*HISTORICAL AND STATUTORY NOTES*

*Emergency Act Amendments*

For temporary (90 day) repeal of section, see § 4 of Targeted Historic Preservation Assistance Congressional Review Emergency Act of 2006 (D.C. Act 16-500, October 23, 2006, 53 DCR 9046).

For temporary (90 day) repeal of section, see § 2302 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

*Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 16-294, see notes following § 47-340.23.

For Law 17-20, see notes following § 47-305.02.

*Miscellaneous Note*

D.C. Law 17-20, § 2302, made a technical correction in the repeal of this section by D.C. Law 16-294, § 4.

**§ 47-1806.09. TAX ON RESIDENTS AND NONRESIDENTS --CREDITS --  
LOWER INCOME, LONG-TERM HOMEOWNER CREDIT --DEFINITIONS.**

For the purposes of §§ 47-1806.09 through 47-1806.09f, the term:

(1)(A) "Area median income" means:

(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

(iv) For a household of one person, 70% of the area median income for a household of 4 persons;

(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

(B) Any percentage of household income referenced in §§ 47-1806.09 through 47-1806.09e (e.g.,

80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers. A determination required by this subparagraph shall be calculated for the fiscal year ending in the tax year for which the credit is claimed.

(2) "Eligible residence" means a real property receiving the homestead deduction under § 47-850 or a unit within a cooperative housing association for which the cooperative housing association is receiving the homestead deduction under § 47-850.01.

(3) "Eligible resident" means a resident, as defined in § 47-1801.04(17), who:

(A)(i) Owns an eligible residence as his principal place of residence and has resided in the eligible residence for at least 7 consecutive years immediately prior to the last day of the tax year; or

(ii) Is a shareholder or member of a cooperative housing association, occupies by right an eligible residence by reason of his ownership of a stock or membership certificate, proprietary lease, or other evidence of membership in the cooperative housing association, and has resided in the eligible residence as his or her principal place of residence for at least 7 consecutive years immediately prior to the last day of the tax year; and

(B) Has a household income equal to or less than 50% of the area median income.

(4) "Household income" means the total "adjusted gross income", as defined in § 47-1803.02(b), of every member of the household.

(Apr. 19, 2002, D.C. Law 14-114, § 401(b), 49 DCR 1468; Oct. 19, 2002, D.C. Law 14-213, §§ 33(s), 35(a), 49 DCR 8140; Dec. 7, 2004, D.C. Law 15-205, § 1172(b), 51 DCR 8441; Mar. 2, 2007, D.C. Law 16-191, § 77, 53 DCR 6794.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 14-213, in the introductory paragraph, substituted "§ 47-1806.09f" for "§ 4-1806.09f"; and made a technical change in the enacting clause of D.C. Law 14-114, § 401(b), which resulted in no change in text.

D.C. Law 15-205 added a new sentence at the end of par. (1)(B); in par. (2), substituted "real property receiving the homestead deduction under § 47-850 or a unit within a cooperative housing association for which the cooperative housing association is receiving the homestead deduction under § 47-850.01." for "Class 1 property as defined in § 47-813(c-4)(1)"; in par. (3), substituted "resident, as defined in § 47-1801.04(17)" for "taxpayer, as defined in § 47-1801.04(7)", and rewrote subpar. (A); and, in par. (4), substituted "means the total 'adjusted gross income,' as defined in § 47-1803.02(b), of every member of the household" for "have the same meaning as 'household income' in § 47-1806.06(b)(2)". Prior to amendment, subpar. (A) of par. (3) had read as follows:

"(A) Owns an eligible residence as his or her principal place of residence and has resided in the eligible residence for at least 7 years; and,"

D.C. Law 16-191, in par. (4), validated a previously made technical correction.

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(b) of Lower Income, Long-Term Homeowner Credit Administration Temporary Act of 2004 (D.C. Law 15-179, September 8, 2004, law notification 51 DCR 9221).

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2(b) of Lower Income, Long-term Homeowner Credit Administration Emergency Act of 2004 (D.C. Act 15-421, May 10, 2004, 51 DCR 5174).

For temporary (90 day) amendment of section, see § 1172(b) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) amendment of section, see § 1172(b) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR ).

For temporary (90 day) amendment of section, see § 10 of Finance and Revenue Technical Amendments Second Emergency Amendment Act of 2006 (D.C. Act 16-585, December 28, 2006, 54 DCR 340).

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 14-213, see notes following § 47-820.

For Law 15-205, see notes following § 47-903.

For Law 16-191, see notes following § 47-308.02.

##### *Miscellaneous Notes*



Section 1101 of D.C. Law 14-114 provides: "The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), shall promulgate rules to implement this act."

Short title of subtitle P of title I of Law 15-205: Section 1171 of D.C. Law 15-205 provided that subtitle P of title I of the act may be cited as Lower Income, Long-Term Homeowner Credit Administration Act of 2004.

### **§ 47-1806.09A. TAX ON RESIDENTS AND NONRESIDENTS --CREDITS -- LOWER INCOME, LONG-TERM HOMEOWNER CREDIT --ALLOWABLE CREDIT.**

(a) Subject to subsection (b) of this section and § 47-1806.09b, an eligible resident shall be allowed a credit against the tax imposed by § 47-1806.03 computed as follows: the amount of the real property tax imposed on the eligible residence under § 47-811 during the real property tax year ending in the tax year for which the credit is allowed, less 105% of the real property tax under § 47-811 imposed on the eligible residence under § 47-811 during the prior real property tax year.

(b) If an eligible residence is a unit within a cooperative housing association, the credit shall be computed in accordance with subsection (a) of this section using the net amount of real property tax apportioned to the eligible residence by the cooperative housing association as the amount of real property tax imposed. The cooperative housing association shall provide to the eligible resident upon his request data concerning the amount of real property taxes apportioned to his or her eligible residence by the cooperative housing association for the real property tax year ending in the tax year for which the credit is allowed and the prior real property tax year, accounting for real property tax credits and deductions passed through to the eligible resident to include the homestead deduction under § 47-850.01 and the senior citizen deduction under § 47-863.

(Apr. 19, 2002, D.C. Law 14-114, § 401(b), 49 DCR 1468; Dec. 7, 2004, D.C. Law 15-205, § 1172(c), 51 DCR 8441.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 15-205, in subsec. (a), substituted "§ 47-1806.09b" for "§ 47- 1806.08b" and substituted "prior real property tax year" for "prior tax year"; and rewrote subsec. (b) which had read as follows:

"(b) The credit allowed by this section shall be allowed for tax years beginning on or after October 1, 2002."

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(c) of Lower Income, Long-Term Homeowner Credit Administration Temporary Act of 2004 (D.C. Law 15-179, September 8, 2004, law notification 51 DCR 9221).

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2(c) of Lower Income, Long-term Homeowner Credit Administration Emergency Act of 2004 (D.C. Act 15-421, May 10, 2004, 51 DCR 5174).

For temporary (90 day) amendment of section, see § 1172(c) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) amendment of section, see § 1172(c) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR ).

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 15-205, see notes following § 47-903.

### **§ 47-1806.09B. TAX ON RESIDENTS AND NONRESIDENTS --CREDITS -- LOWER INCOME, LONG-TERM HOMEOWNER CREDIT --APPLICATION FOR CREDIT.**

(a) To receive the credit allowed by § 47-1806.09a, the eligible resident shall submit, with the resident's District of Columbia income tax return, an application containing any forms and information prescribed by the Mayor. If the resident is not required to file a District of Columbia income tax return, the resident shall submit an application containing any forms and information in a manner that the Mayor shall prescribe.

(b) If the resident does not submit the application required by subsection (a) of this section within 12 months after the last day of the tax year for which the credit may first be requested, the credit shall not be allowed.

(c) An eligible resident may apply for the credit allowed by § 47-1806.09a or the credit allowed by § 47-1806.08a, but shall not be eligible for both tax credits. No person may apply for any of the credits if another person in the household has applied for any of the credits.

(d) An eligible resident in a household may seek a pro rata contribution from the eligible resident who receives the credit. The eligible resident who does not receive the credit shall not have any right against the District of Columbia to claim or recover the credit or any portion thereof, whether at law or in equity.

(e) Notwithstanding subsection (a) of this section, an eligible resident shall not be required to submit an application with the eligible resident's 2003 District of Columbia personal income tax return.

(Apr. 19, 2002, D.C. Law 14-114, § 401(b), 49 DCR 1468; Dec. 7, 2004, D.C. Law 15-205, § 1172(d), 51 DCR 8441.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 15-205, in subsec. (a), substituted "§ 47-1806.09a" for "§ 47- 1806.09b"; in subsec. (b), substituted "tax" for "taxable"; in subsec. (c), added a new sentence at the end; and added subsecs. (d) and (e).

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(d) of Lower Income, Long-Term Homeowner Credit Administration Temporary Act of 2004 (D.C. Law 15-179, September 8, 2004, law notification 51 DCR 9221).

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2(d) of Lower Income, Long-term Homeowner Credit Administration Emergency Act of 2004 (D.C. Act 15-421, May 10, 2004, 51 DCR 5174).

For temporary (90 day) amendment of section, see § 1172(d) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) amendment of section, see § 1172(d) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR 11725).

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-1806.09.

For Law 15-205, see notes following § 47-903.

### **§ 47-1806.09C. TAX ON RESIDENTS AND NONRESIDENTS --CREDITS -- LOWER INCOME, LONG-TERM HOMEOWNER CREDIT --CORRECTION OF ERRORS.**

If, pursuant to an audit or other review of an application filed under § 47- 1806.09b, the Mayor determines the amount of the credit has been incorrectly computed, the Mayor shall determine the correct amount of the credit and notify the eligible resident in accordance with the procedures set forth in § 47- 1812.05.

(Apr. 19, 2002, D.C. Law 14-114, § 401(b), 49 DCR 1468.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

### **§ 47-1806.09D. TAX ON RESIDENTS AND NONRESIDENTS --CREDITS -- LOWER INCOME, LONG-TERM HOMEOWNER CREDIT --FRAUD.**

(a) If the Mayor determines, before the credit is allowed, that an application filed under § 47-1806.09b was filed with fraudulent intent, the Mayor shall deny the application.

(b) Repealed.

(c) The remedies authorized by this section shall be in addition to any other remedy allowed by law.

(Apr. 19, 2002, D.C. Law 14-114, § 401(b), 49 DCR 1468; Dec. 7, 2004, D.C. Law 15-205, § 1172(e), 51 DCR 8441.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 15-205 repealed subsec. (b) which had read as follows:

"(b) If the Mayor determines, after a credit has been allowed against income taxes otherwise payable to the District, that an application filed under § 47-1806.09c was filed with fraudulent intent, the credit shall be canceled, the amount of the credit allowed shall be assessed against the applicant, and the amount assessed may be collected in the manner provided by § 47-412."

*Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(e) of Lower Income, Long-Term Homeowner Credit Administration Temporary Act of 2004 (D.C. Law 15-179, September 8, 2004, law notification 51 DCR 9221).

*Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2(e) of Lower Income, Long-term Homeowner Credit Administration Emergency Act of 2004 (D.C. Act 15-421, May 10, 2004, 51 DCR 5174).

For temporary (90 day) amendment of section, see § 1172(e) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) amendment of section, see § 1172(e) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR 11725).

*Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 15-205, see notes following § 47-903.

**§ 47-1806.09E. TAX ON RESIDENTS AND NONRESIDENTS --CREDITS --  
LOWER INCOME, LONG-TERM HOMEOWNER CREDIT --CARRYOVER OF  
CREDIT.**

If the credit allowed under § 47-1806.09a exceeds the total income tax liability of the eligible resident under § 47-1806.03 for the tax year in which the credit is allowed, the eligible resident may claim a refund in the amount of the excess.

(Apr. 19, 2002, D.C. Law 14-114, § 401(b), 49 DCR 1468; Dec. 7, 2004, D.C. Law 15-205, § 1172(f), 51 DCR 8441.)

*HISTORICAL AND STATUTORY NOTES*

*Effect of Amendments*

D.C. Law 15-205 substituted "§ 47-1806.09a" for "§ 47-1806.08a" and substituted "tax" for "taxable".

*Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(f) of Lower Income, Long-Term Homeowner Credit Administration Temporary Act of 2004 (D.C. Law 15-179, September 8, 2004, law notification 51 DCR 9221).

*Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2(f) of Lower Income, Long-term Homeowner Credit Administration Emergency Act of 2004 (D.C. Act 15-421, May 10, 2004, 51 DCR 5174).

For temporary (90 day) amendment of section, see § 1172(f) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) amendment of section, see § 1172(f) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR 11725).

*Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 15-205, see notes following § 47-903.

**§ 47-1806.09F. TAX ON RESIDENTS AND NONRESIDENTS --CREDITS --  
LOWER INCOME, LONG-TERM HOMEOWNER CREDIT --APPLICABILITY  
DATE; MAYORAL CERTIFICATION.**

(a) Sections 47-1806.09 through 47-1806.09f shall apply for the income tax years beginning after December 31, 2002.

(b) An eligible resident shall apply for the tax credit under § 47-1806.09a using an application form to be developed by the Office of Tax and Revenue. For tax year 2003, this form shall be developed by the Chief

Financial Officer by April 1, 2004.

(Apr. 19, 2002, D.C. Law 14-114, § 401(b), 49 DCR 1468; Dec. 7, 2004, D.C. Law 15-205, § 1172(g), 51 DCR 8441.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 15-205 rewrote subsec. (b) which had read as follows:

"(b) The Mayor shall certify to the Office of Tax and Revenue and to each owner of each property that the owner is an eligible resident, that the property is an eligible residence qualified for the tax credit allowed under § 47-1806.09a, and the dollar amount of the improvements to the property qualifying for the credit. The certification shall specify the record owner; address; full legal description; and the dollar amount of the qualified improvements under this section. The certification shall be delivered to both the qualified property owner and Office of Tax and Revenue on or before the first day the tax year in which the credit is first claimed. In addition, the certification shall be attached to the owner's District of Columbia income tax return to claim the credit."

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(b) of Low-Income, Long-Term Homeowner's Protection Clarification Temporary Act of 2004 (D.C. Law 15- 161, May 18, 2004, law notification 51 DCR 5701).

For temporary (225 day) amendment of section, see § 2(g) of Lower Income, Long-Term Homeowner Credit Administration Temporary Act of 2004 (D.C. Law 15-179, September 8, 2004, law notification 51 DCR 9221).

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2(b) of Low-income, Long-Term Homeowner's Protection Clarification Emergency Act of 2004 (D.C. Act 15- 380, February 27, 2004, 51 DCR 2649).

For temporary (90 day) amendment of section, see § 2(g) of Lower Income, Long-term Homeowner Credit Administration Emergency Act of 2004 (D.C. Act 15-421, May 10, 2004, 51 DCR 5174).

For temporary (90 day) amendment of section, see § 1172(g) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) amendment of section, see § 1172(g) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR 11725).

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 15-205, see notes following § 47-903.

## **§ 47-1806.10. INCOME AVERAGING--EMPLOYMENT DISCRIMINATION.**

(a) For the purposes of this section, the term:

(1) "Average annual net backpay and frontpay amount" means the amount equal to the excess of employment discrimination backpay and frontpay over the amount of deductions that would have been allowable but for subsection (b)(1)(B) of this section, divided by the number of years in the backpay period and frontpay period.

(2) "Backpay" means amounts includible in gross income in the taxable year as compensation which is attributable to services performed, or that would have been performed, but for a claimed violation of law, as an employee, former employee, or prospective employee in a prior taxable year for the taxpayer's employer, former employer, or prospective employer.

(3) "Backpay period" means the period during which services are performed, or would have been performed, to which backpay is attributable. If the period is not equal to a whole number of taxable years, the period shall be increased to the next highest number of whole taxable years.

(4) "Employment discrimination backpay or frontpay" means backpay or frontpay receivable, whether as a lump sum or periodic payments, on account of a claim of unlawful employment discrimination.

(5) "Frontpay" means amounts includible in gross income in the taxable year as compensation which is attributable to employment that would have been performed but for a claimed violation of law, in a subsequent taxable year, and which are:

(A) Ordered, recommended, or approved by any government entity to satisfy a claim for violation of law; or

(B) Received from the settlement of such a claim.

(6) "Frontpay period" means the period of foregone employment to which frontpay is attributable. If the period is not equal to a whole number of taxable years, the period shall be increased to the next highest number of whole taxable years.

(b) If employment discrimination backpay or frontpay is received during a taxable year, the tax imposed under § 47-1806.03 for the taxable year shall not exceed the sum of:

(1) The tax which would be so imposed if:

(A) No amount of backpay or frontpay were included in gross income for the year; and

(B) No deductions were allowed for the year for expenses (otherwise allowable as a deduction to the taxpayer for the year) in connection with making or prosecuting any claim of unlawful employment discrimination by or on behalf of the taxpayer; and

(2) The product of:

(A) The number of years in the backpay period and frontpay period; and

(B) The amount by which the tax determined under paragraph (1) of this subsection would increase if the amount on which such tax is determined were increased by the average annual net backpay and frontpay amount.

(June 25, 2002, D.C. Law 14-165, § 2(b)(2), 49 DCR 4261.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Miscellaneous Notes*

Section 3 of D.C. Law 14-165 provides that section 2 shall apply to taxable years beginning on January 1, 2001.

##### *Legislative History of Laws*

For Law 14-165, see notes following § 47-1803.02.

## **§ 47-1806.11. TAX ON RESIDENTS AND NONRESIDENTS--CREDITS-- ENERGY CONSERVATION CREDIT.[REPEALED]**

(May 12, 2006, D.C. Law 16-97, § 2, 53 DCR 1663; Mar. 14, 2007, D.C. Law 16-294, § 18(b), 54 DCR 1086.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Temporary Addition of Section*

Section 2(b) of D.C. Law 17-384 added a section to read as follows:

"§ 47-1806.12. Tax credit for hiring qualified veterans.

"(a) For the purposes of this section, the term:

"(1) 'Armed Forces' shall include any branch of the United States Military, including the Army, Navy, Marines, Air Force, Coast Guard, or any National Guard or reserve deployment lasting 6 continuous months or longer.

"(2) 'Qualified veteran' means an individual subject to the District's personal income tax who:

"(A) Has previously served in a branch of the Armed Forces and who was honorably or generally discharged;

"(B) Is not currently employed in a facility owned or operated by the District business with an exemption under § 47-4605;

"(C) Is hired to fill a position of indefinite duration consisting of a minimum of 35 hours per week for not less than 48 weeks per year;

"(D) Is hired within 5 years after being discharged from the Armed Forces or within 2 years of a continuous 6-month National Guard deployment;

"(E) Is a District resident at the time of hiring and maintains District residency for the duration of the 2-year tax credit period; and

"(F) Is not currently employed in a facility owned or operated by the District business seeking the tax credit under this section.

"(b) For taxable years beginning on or after January 1, 2009, an employer shall be allowed a credit against the tax imposed by § 47-1806.03 in an amount equal to 10% of the wages paid by the employer to a qualified veteran during the first 24 calendar months in which the employer employs the qualified veteran. The credit under this section shall not exceed \$5,000 in the aggregate for each qualified veteran who is employed.

"(c) The maximum annual credit allowed under this section shall not exceed the lesser of:

"(1) Ten percent of the wages paid to a qualified veteran during the tax year in which the credit is claimed;

"(2) The total income taxes imposed on the business during the tax year in which the credit is sought; or

"(3) A total of \$2,500 for each qualified veteran.

"(d) The credit under subsection (b) of this section shall not be valid:

"(1) For any wages paid in a calendar month in which the employer has not employed the qualified veteran for at least 90 hours;

"(2) If the employer pays the qualified veteran less than the greater of the legal minimum wage or the wage the employer pays other employees in similar jobs;

"(3) If the employer accords the qualified veteran lesser benefits or rights than the employer accords other employees in similar jobs;

"(4) If the qualified veteran was employed as the result of the displacement, other than for cause, of another employee, or as the result of a strike or lockout, a layoff in which other employees are awaiting recall, or a reduction of the regular wages, benefits, or rights of other employees in similar jobs;

"(5) If the employer does not meet, with respect to the employment of the qualified veteran, all federal and District laws and regulations, including those concerning health, safety, child labor, work/hour, and equal employment opportunity;

"(6) If the qualified veteran is a member of the board of directors of the business, directly or indirectly owns a majority of its stock, or is related to a member of the board of directors or a majority stockholder as a spouse or as any relative listed in the definition of dependent in section 152 of the Internal Revenue Code of 1986 without regard to source of income; or

"(7) If the qualified veteran moves his or her residence outside the District of Columbia during the 24-month period."

Section 5(b) of D.C. Law 17-384 provides that the act shall expire after 225 days of its having taken effect.

#### *Emergency Act Amendments*

For temporary (90 day) addition, see § 2(b) of Employment of Returning Veteran's Tax Credit Emergency Act of 2008 (D.C. Act 17-654, January 6, 2009, 56 DCR 933).

#### *Legislative History of Laws*

Law 16-97, the "Residential Energy Conservation Tax Credit Illegal Dumping Enforcement Amendment Act of 2005", was introduced in Council and assigned Bill No. 16-461 which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on January 4, 2006, and February 7, 2006, respectively. Signed by the Mayor on February 27, 2006, it was assigned Act No. 16-292 and transmitted to both Houses of Congress for its review. D.C. Law 16-97 became effective on May 12, 2006.

For Law 16-294, see notes following § 47-1803.02.

#### *Miscellaneous Notes*

Section 3 of D.C. Law 16-97 provides that section 2 shall apply as of January 1, 2006.

## **SUBCHAPTER VII. TAX ON CORPORATIONS AND FINANCIAL INSTITUTIONS.**

### **§ 47-1807.01. TAX ON CORPORATIONS--DEFINITIONS.**

For purposes of this subchapter, the term:

(1) "Corporation" shall, for taxable years beginning after December 31, 1980, include financial institutions.

(2) "Taxable income" means the amount of net income derived from sources within the District within the meaning of §§ 47-1810.01 to 47-1810.03.

(3) "Taxable period" means a taxable year or a portion of a taxable year.

(July 16, 1947, 61 Stat. 345, ch. 258, art. I, title VII, § 1; Sept. 26, 1984, D.C. Law 5-113, § 302(a)(1), 31 DCR 3974; Oct. 1, 1987, D.C. Law 7-29, § 2(g)(1), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1807.1.

1973 Ed., § 47-1571.

*Legislative History of Laws*

Law 5-113, the "District of Columbia Revenue Act of 1984," was introduced in Council and assigned Bill No. 5-370, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 26, 1984 and July 10, 1984, respectively. Signed by the Mayor on July 13, 1984, it was assigned Act No. 5-164 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

*Miscellaneous Notes*

Mayor authorized to issue rules: See second paragraph of note to § 47-2601.

## **§ 47-1807.02. TAX ON CORPORATIONS--LEVY AND RATES.**

(a) Except as exempted under subchapter II of this chapter, for the privilege of carrying on or engaging in any trade or business within the District and of receiving income from sources within the District, there is levied:

(1) For 1 taxable year beginning after December 31, 1974, a tax at the rate of 12% upon the taxable income of every corporation, whether domestic or foreign;

(2) For the taxable years beginning after December 31, 1975, a tax at the rate of 9% upon the taxable income of every corporation, whether domestic or foreign, except that, effective October 1, 1984, the rate of tax shall be 10% upon the taxable income for any taxable period, except that for taxable years beginning after December 31, 1994, the rate of tax shall be 9.5%;

(3) For the taxable years beginning after December 31, 2002, a tax at the rate of 9.5% upon the taxable income of every corporation, whether domestic or foreign.

(3A) A surtax at the rate of 2.5% on the tax determined under paragraph (2) or (3) of this subsection, as applicable, for any tax period beginning after September 30, 1992.

(3B) A surtax at the rate of 2.5%, separate from and in addition to, the surtax imposed by paragraph (3A) of this subsection, on the tax determined under paragraph (2) or (3) of this subsection, as applicable, for any tax period beginning after September 30, 1994.

(4) For the taxable years beginning after December 31, 2003, a tax at the rate of 9.975% upon the taxable income of every corporation, whether domestic or foreign.

(b) The minimum tax payable under this section shall be \$250. If District gross receipts are greater than \$1 million, the minimum tax payable shall be \$1,000. Corporations or financial institutions including International Banking Facilities shall not be exempt from the minimum tax payable under this section even if the business or source income is exempt under other provisions of this chapter.

(c) The taxes imposed by this section shall, during the 3 tax years beginning after June 30, 1981, be subject to the transition rules provided in § 47-2507.

(July 16, 1947, 61 Stat. 345, ch. 258, art. I, title VII, § 2; Aug. 2, 1968, 82 Stat. 612, Pub. L. 90-450, title II, § 202(a); Oct. 31, 1969, 83 Stat. 178, Pub. L. 91-106, title VI, § 604(a)(1); Dec. 15, 1971, 85 Stat. 653, Pub. L. 92-196, title IV, §§ 401, 403; Oct. 21, 1975, D.C. Law 1-23, title VI, § 603, 22 DCR 2111; July 27, 1976, D.C. Law 1-77, § 2, 23 DCR 1218; Mar. 16, 1978, D.C. Law 2-58, § 201, 24 DCR 5765; Sept. 13, 1980, D.C. Law 3-95, § 105(b), 27 DCR 3509; Sept. 17, 1982, D.C. Law 4-150, § 104, 29 DCR 3377; June 22, 1983, D.C. Law 5-14, § 902, 30 DCR 2632; Sept. 26, 1984, D.C. Law 5-113, § 302(a)(1), 31 DCR 3974; Oct. 1, 1987, D.C. Law 7-29, § 2(g)(2), 34 DCR 5097; July 26, 1989, D.C. Law 8-17, § 2(d), 36 DCR 4160; June 14, 1994, D.C. Law 10-128, § 103(c), 41 DCR 2096; Sept. 28, 1994, D.C. Law 10-188, § 301(a)(1), 41 DCR 5333; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 20, 1999, D.C. Law 13-38, § 2702(i), 46 DCR 6373; Apr. 12, 2000, D.C. Law 13-91, § 168, 47 DCR 520; Oct. 3, 2001, D.C. Law 14-28, § 4102, 48 DCR 6981; Oct. 1, 2002, D.C. Law 14-190, § 802(c), 49 DCR 6968; June 5, 2003, D.C. Law 14-307, § 1002(a), 49 DCR 11664; Sept. 14, 2011, D.C. Law 19-21, § 8072(a), 58 DCR 6226.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1807.2.

1973 Ed., § 47-1571a.

*Effect of Amendments*

D.C. Law 13-38 rewrote subsec. (a)(3) and repealed subsec. (a)(4).

Section 2702(i)(2)(B) of D.C. Law 13-38 provides: "This paragraph shall be effective for tax years beginning after December 31, 2002."

Section 2703(c) of D.C. Law 13-38 provides: "Section 2702(f), (h), (i), and (j) shall apply for tax years beginning after December 31, 1999."

D.C. Law 13-91 amended subsec. (a)(4) by inserting the phrase ", and beginning on or before December 31, 2002" after the phrase "beginning on or after October 1, 1994".

D.C. Law 14-28, added subsec. (a)(3A), and rewrote subsec. (a)(4) which had read as follows:

"(4) A surtax, separate from and in addition to, the surtax imposed by paragraph (3) of this subsection, on the tax determined under paragraph (2) of this subsection at a rate of 2.5% for any tax period beginning on or after October 1, 1994, and beginning on or before December 31, 2002."

D.C. Law 14-190, in subsec. (a), rewrote pars. (3) and (4) which had read as follows:

"(3)(A) For the taxable years beginning after December 31, 2002, a tax at the rate of 9% upon the taxable income of every corporation, whether domestic or foreign, except that for taxable years beginning after December 31, 2003, the rate of tax shall be 8.5%.

"(B) Subparagraph (A) of this paragraph shall not apply if the certification by the Chief Financial Officer required by 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5% or the real GDP growth is less than or equal to 1.7%."

"(4) A surtax at the rate of 2.5%, separate from and in addition to, the surtax imposed by paragraph (3A) of this subsection, on the tax determined under paragraph (2) of this subsection, as applicable, for any tax period beginning after September 30, 1994."

D.C. Law 14-307, in subsec. (a), substituted "9.5%" for "9.0%" in par. (3), rewrote par. (3A), added par. (3B), and rewrote par. (4). Prior to amendment, pars. (3A) and (4) and read as follows:

"(3A) Repealed."

"(4) Repealed."

D.C. Law 19-21, in subsec. (b), substituted "shall be \$250. If District gross receipts are greater than \$1 million, the minimum tax payable shall be \$1,000." for "shall be \$100".

#### *Temporary Amendments of Section*

Section 2(b) of D.C. Law 19-53, in section 8074 of D.C. Law 19-21, substituted "for tax years beginning after December 31, 2010" for "as of December 31, 2010".

Section 15(b) of D.C. Law 19-53 provides that the act shall expire after 225 days of its having taken effect.

#### *Emergency Act Amendments*

For temporary (90-day) amendment of section, see §§ 2702(i) and 2703(c) of the Service Improvement and Fiscal Year 2000 Budget Support Emergency Act of 1999 (D.C. Act 13-110, July 28, 1999, 46 DCR 6320).

For temporary (90 day) amendment of section, see §§ 3702 to 3704 of Fiscal Year 2002 Budget Support Emergency Act of 2001 (D.C. Act 14-124, August 3, 2001, 48 DCR 7861).

For temporary (90 day) amendment of section, see §§ 1002(a) and 1003 of Fiscal Year 2003 Budget Support Amendment Emergency Act of 2002 (D.C. Act 14-544, December 4, 2002, 49 DCR 11700).

For temporary (90 day) amendment of section, see §§ 1002(a) and 1003 of the Fiscal Year 2003 Budget Support Amendment Congressional Review Emergency Act of 2003 (D.C. Act 15-27, February 24, 2003, 50 DCR 2151).

For temporary (90 day) amendment of section, see § 802(c) of Fiscal Year 2003 Budget Support Emergency Act of 2002 (D.C. Act 14-453, July 23, 2002, 49 DCR 8026).

For temporary (90 day) amendment of section, see §§ 1002(a) and 1003 of Fiscal Year 2003 Budget Support Amendment Second Congressional Review Emergency Act of 2003 (D.C. Act 15-103, June 20, 2003, 50 DCR 5499).

For temporary (90 day) amendment of section 8074 of D.C. Law 19-21, see § 2(b) of Revised Fiscal Year 2012 Budget Support Technical Clarification Emergency Amendment Act of 2011 (D.C. Act 19-157, October 4, 2011, 58 DCR 8688).

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

Law 1-77, the "Corporate and Unincorporated Business Franchise Surtax Act of 1976," was introduced in Council and assigned Bill No. 1-265, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on April 6, 1976 and April 20, 1976, respectively. Signed by the Mayor on May 18, 1976, it was assigned Act No. 1-120 and transmitted to both Houses of Congress for its review.

Law 2-58, the "Hotel Occupancy and Surtax on Corporations and Unincorporated Business Tax Act of 1977,"



was introduced in Council and assigned Bill No. 2- 169, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on September 13, 1977 and October 11, 1977, respectively. Signed by the Mayor on December 30, 1977, it was assigned Act No. 2-127 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 3-95, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-150, see Historical and Statutory Notes following § 47-1801.04.

Law 5-14, the "District of Columbia Revenue Act of 1983," was introduced in Council and assigned Bill No. 5-74, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on April 12, 1983 and April 26, 1983, respectively. Signed by the Mayor on May 4, 1983, it was assigned Act No. 5-29 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 5-113, see Historical and Statutory Notes following § 47-1807.01.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 8-17, see Historical and Statutory Notes following § 47-1803.02.

For legislative history of D.C. Law 10-128, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 10-188, see Historical and Statutory Notes following § 47-1807.02a.

For Law 13-38, see notes following § 47-1801.04.

Law 13-91, the "Technical Amendments Act of 1999," was introduced in Council and assigned Bill No. 13-435, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 2, 1999, and December 7, 1999, respectively. Signed by the Mayor on December 29, 1999, it was assigned Act No. 13-234 and transmitted to both Houses of Congress for its review. D.C. Law 13-91 became effective on April 12, 2000.

Law 14-28, the "Fiscal Year 2002 Budget Support Act of 2001", was introduced in Council and assigned Bill No. 14-144, which was referred to the Committee Of the Whole. The Bill was adopted on first and second readings on May 1, 2001, and June 5, 2001, respectively. Signed by the Mayor on June 29, 2001, it was assigned Act No. 14-85 and transmitted to both Houses of Congress for its review. D.C. Law 14-28 became effective on October 3, 2001.

For Law 14-190, see notes following § 47-308.01.

For Law 14-307, see notes following § 47-903.

For history of Law 19-21, see notes under § 47-305.02.

#### *Miscellaneous Notes*

Section 4104 of D.C. Law 14-28 provides: "Section 47-1807.02(a)(3A) and (4) are repealed effective for all tax periods beginning after December 31, 2002."

Section 4103(a) of D.C. Law 14-28 provides: "Section 4102(a) shall apply for any tax period beginning after September 30, 1992."

Section 4103(b) of D.C. Law 14-28 provides: "Section 4102(b) shall apply for any tax period beginning after September 30, 1994."

Short title: Section 8071 of D.C. Law 19-21 provided that subtitle H of title VIII of the act may be cited as "Minimum Corporate and Unincorporated Franchise Tax Payable".

Sections 8073 and 8074 of D.C. Law 19-21 provide:

"Sec. 8073. Rules.

"The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), may issues rules to implement the provisions of this subtitle.

"Sec. 8074. Applicability.

"This subtitle shall apply as of December 31, 2010."

#### *Delegation of Authority*

Delegation of authority under Law 5-14, see Mayor's Order 83-190, July 25, 1983.

#### *Miscellaneous Notes*

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: Section 306(a) of D.C. Law 10-188 provided that the act shall expire 2 years after September 28, 1994, if the Board does not submit final financial requirements and a feasibility analysis to the Mayor and the Council as provided by § 10-1202.06(h).

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: See Historical and Statutory Notes following § 47-1807.02a.

Mayor authorized to issue regulations: Section 401 of D.C. Law 4-150 provided that the Mayor shall issue

regulations necessary to carry out the provisions of the act.

Mayor authorized to issue rules: Section 1102 of D.C. Law 5-14 provided that the Mayor shall issue rules necessary to carry out the provisions of the act.

Audit of accounts and operation of Authority: See Historical and Statutory Notes following § 47-1807.02a.

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: Section 2(l)(1) of D.C. Law 12-142 provides that § 306(a) of D.C. Law 10-188, providing for the expiration of that act, is repealed. Section 2(l)(2) of D.C. Law 12-142 provided that the subsection shall apply as of February 27, 1997.

Audit of accounts and operation of Authority: See Historical and Statutory Notes following § 47-1807.02a.

Section 1003 of D.C. Law 14-307 provides:

"Sec. 1003. Applicability.

"Section 1002 shall apply as of January 1, 2003."

## **§ 47-1807.02A. TAX ON CORPORATIONS--TRANSFER OF SURTAX TO CONVENTION CENTER AUTHORITY.[REPEALED]**

(July 16, 1947, 61 Stat. 331, ch. 258, art. I, title VII, § 2a, as added Sept. 28, 1994, D.C. Law 10-188, § 301(a)(2), 41 DCR 5333; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Aug. 12, 1998, D.C. Law 12-142, § 3(a), 45 DCR 4826.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1807.2a.

#### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(b) of Washington Convention Center Authority Act of 1994 Time Extension Temporary Amendment Act of 1996 (D.C. Law 11-262, April 25, 1997, law notification 44 DCR 2860).

#### *Emergency Act Amendments*

For temporary amendment of section, see § 2(b) of the Washington Convention Center Authority Act of 1994 Emergency Amendment Act of 1996 (D.C. Act 11-393, October 1, 1996, 43 DCR 5430).

#### *Legislative History of Laws*

Law 10-188, the "Washington Convention Center Authority Act of 1994," was introduced in Council and assigned Bill No. 10-527, which was referred to the Committee on Economic Development and sequentially to the Committee of the Whole. The Bill was adopted on first and second readings on July 5, 1994, and July 19, 1994, respectively. Signed by the Mayor on August 2, 1994, it was assigned Act No. 10-314 and transmitted to both Houses of Congress for its review. D.C. Law 10-188 became effective on September 28, 1994.

Law 12-142, the "Washington Convention Center Authority Financing Amendment Act of 1998," was introduced in Council and assigned Bill No. 12-379, which was referred to the Committee on Economic Development and the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 2, 1998, and June 16, 1998, respectively. Signed by the Mayor on June 23, 1998, it was assigned Act No. 12-402 and transmitted to both Houses of Congress for its review. The legislation became effective on August 12, 1998, the date that the President of the United States signed P.L. 105-227, which waived the 30-day Congressional review period for this law.

#### *Miscellaneous Notes*

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: Section 306(a) of D.C. Law 10-188 provided that the act shall expire 2 years after September 28, 1994, if the Board does not submit final financial requirements and a feasibility analysis to the Mayor and the Council as provided by § 10-1202.06(h).

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: For temporary amendment of D.C. Law 10-188, § 306(a), see § 2(b) of the Washington Convention Center Authority Act of 1994 Time Extension Emergency Act of 1996 (D.C. Act 11-509).

Audit of accounts and operation of Authority: Section 305(a) of D.C. Law 10-188 provided that "on or before July 1 of each year, the District of Columbia Auditor, pursuant to the Auditor's duties under § 47-117(b) [§ 1-205.55(b), 2001 Ed.], shall audit the accounts and operation of the Authority and make a specific finding of the sufficiency of the projected revenues from the taxes imposed pursuant to §§ 301, 302, 303, and 304 to meet the projected expenditures and reserve requirements of the Authority for the upcoming fiscal year."

Section 305(b) of D.C. Law 10-188 provided that "if the audit conducted pursuant to subsection (a) of this

section indicates that projected revenues from the taxes imposed pursuant to §§ 301, 302, 303, and 304 are insufficient to meet projected expenditures and reserve requirements of the Authority for the upcoming fiscal year, the Mayor shall impose a surtax, to become effective on or before October 1 of the upcoming year, on each of those taxes dedicated to the Authority excluding the tax on sales of restaurant meals and alcoholic beverages, in an amount equal to the pro rata share of the difference between (1) the sum of the projected expenditure and reserve requirements and (2) the projected revenues. The pro rata share shall be determined based on the pro rata estimated contribution of each tax to the total estimated tax revenue for the particular year as contained in the multiyear financial plan submitted pursuant to § 9-807(g) [§ 10-1202.06(g), 2001 Ed.]."

## **§ 47-1807.03. TAX ON CORPORATIONS--FINANCIAL INSTITUTIONS INCLUDED.[REPEALED]**

(Sept. 26, 1984, D.C. Law 5-113, § 302(a)(2), 31 DCR 3974.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1807.3.

#### *Temporary Amendments of Section*

Section 2(b) of D.C. Law 19-53, in section 8074 of D.C. Law 19-21, substituted "for tax years beginning after December 31, 2010" for "as of December 31, 2010".

Section 15(b) of D.C. Law 19-53 provides that the act shall expire after 225 days of its having taken effect.

#### *Legislative History of Laws*

For legislative history of D.C. Law 5-113, see Historical and Statutory Notes following § 47-2601.

## **§ 47-1807.04. TAX CREDIT TO QUALIFIED BUSINESSES FOR WAGES TO QUALIFIED EMPLOYEES; EXCEPTIONS.**

(a) Except as provided in subsection (b) of this section, for taxable years beginning after December 31, 1988, any incorporated business approved as qualified pursuant to § 6-1504 shall be allowed a credit against the tax imposed by this chapter in an amount equal to 50% of the wages paid by the qualified incorporated business to an employee certified by the Mayor under § 6-1504(c), during the first 24 calendar months in which the employer employed the certified employee.

(b) The credit under subsection (a) of this section shall not be allowed:

- (1) To exceed, for any certified employee, a total of \$7,500 in any 1 taxable year;
- (2) Until the qualified incorporated business has employed the certified employee for at least 760 hours;
- (3) For any calendar month in which the qualified incorporated business has not employed the certified employee for at least 90 hours;
- (4) If the qualified incorporated business pays the certified employee less than the greater of the legal minimum wage or the wage the qualified incorporated business pays other employees in similar jobs;
- (5) If the qualified incorporated business accords the certified employee lesser benefits or rights than it accords other employees in similar jobs;
- (6) If the certified employee was employed as the result of the displacement, other than for cause, of another employee, or as the result of a strike or lockout, or a layoff in which other employees are awaiting recall, or a reduction of the regular wages, benefits, or rights of other employees in similar jobs;
- (7) If the qualified incorporated business does not meet, with respect to the employment of the certified employee, all federal and District of Columbia laws and regulations, including those concerning health, safety, child labor, work/hour, and equal employment opportunity; or
- (8) If the certified employee is a member of the board of directors of the qualified incorporated business, directly or indirectly owns a majority of its stock, or is related to a member of the board of directors or a majority stockholder as a spouse or domestic partner or as any relative listed in the definition of "dependent" in § 152 of the Internal Revenue Code of 1986 (26 U.S.C. § 152), without regard to source of income.

(c) Whenever a qualified incorporated business is prevented from claiming the credit for wages paid because the certified employee was not employed for the period of time required by subsection (b)(2) and (3) of this section, the credit for wages paid may be claimed against the tax for the immediately

succeeding taxable period in which the period of employment satisfies the requirement of subsection (b)(2) of this section.

(d) If the amount of the credit allowable under this section exceeds the tax otherwise due from a qualified incorporated business, the amount of the credit not used as an offset against the tax may be carried forward or back for up to 5 years, except that no portion of the credit shall be:

(1) Carried back to any taxable year ending before January 1, 1990; or

(2) Claimed for any taxable year in which the qualified incorporated business was not located within an economic development zone or did not employ a certified employee.

(July 16, 1947, ch. 258, art. I, title VII, § 3, as added Oct. 20, 1988, D.C. Law 7-177, § 10(b), 35 DCR 6158; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Sept. 12, 2008, D.C. Law 17-231, § 41(j), 55 DCR 6758.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1807.4.

##### *Effect of Amendments*

D.C. Law 17-231, in subsec. (b)(8), substituted "spouse or domestic partner" for "spouse".

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-177, see Historical and Statutory Notes following § 47-1803.03.

For Law 17-231, see notes following § 47-802.

##### *Miscellaneous Notes*

Mayor authorized to issue rules: See Historical and Statutory Notes following § 47-1803.03.

## **§ 47-1807.05. REDUCTION OF TAX CREDIT FOR INSURANCE PREMIUMS; EXCEPTIONS.**

(a) Except as provided in subsection (b) of this section, for taxable years beginning after December 31, 1988, the amount of tax payable under this chapter by an incorporated business approved as qualified under § 6-1504 shall be reduced by a credit equal to 50% of the insurance premiums attributable to a certified employee paid to insure employers against liability for compensation to residents of the District of Columbia under Chapter 15 of Title 32, for each of the first 24 months during which the qualified incorporated business has employed a certified employee.

(b) The credit under subsection (a) of this section shall not be allowed:

(1) Until the qualified incorporated business has employed the certified employee for at least 760 hours;

(2) For any calendar month in which the qualified incorporated business has not employed the certified employee for at least 90 hours;

(3) If the qualified incorporated business pays the certified employee less than the greater of the legal minimum wage or the wage the qualified incorporated business pays other employees in similar jobs;

(4) If the qualified incorporated business accords the certified employee lesser benefits or rights than it accords other employees in similar jobs;

(5) If the certified employee was employed as the result of the displacement, other than for cause, of another employee, or as the result of a strike or lockout, or a layoff in which other employees are awaiting recall, or a reduction of the regular wages, benefits, or rights of other employees in similar jobs;

(6) If the qualified incorporated business does not meet, with respect to the employment of the certified employee, all federal and District of Columbia laws and regulations, including those concerning health, safety, child labor, work/hour, and equal employment opportunity; or

(7) If the certified employee is a member of the board of directors of the qualified incorporated business, directly or indirectly owns a majority of its stock, or is related to a member of the board of directors or a majority stockholder as a spouse or domestic partner or as any relative listed in the definition of "dependent" in § 152 of the Internal Revenue Code of 1986 (26 U.S.C. § 152), without regard to source of income.

(c) If the amount of the credit allowable pursuant to this section exceeds the tax imposed by this chapter otherwise due from a qualified incorporated business, the amount of the credit not used as an offset against the tax may be carried forward or back for up to 5 years, except that no portion of the credit shall

be:

- (1) Carried back to any taxable year ending before January 1, 1990; or
- (2) Claimed for any taxable year in which the qualified incorporated business was not located within an economic development zone or did not employ a certified employee.

(July 16, 1947, ch. 258, art. I, title VII, § 4, as added Oct. 20, 1988, D.C. Law 7-177, § 10(b), 35 DCR 6158; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575; Sept. 12, 2008, D.C. Law 17-231, § 41(k), 55 DCR 6758.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1807.5.

##### *Effect of Amendments*

D.C. Law 17-231, in subsec. (b)(7), substituted "spouse or domestic partner" for "spouse".

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-177, see Historical and Statutory Notes following § 47-1803.03.

For Law 17-231, see notes following § 47-802.

##### *Miscellaneous Notes*

Mayor authorized to issue rules: See Historical and Statutory Notes following § 47-1803.03.

### **§ 47-1807.06. TAX CREDIT FOR INCOME THAT INCLUDES RENT CHARGED TO LICENSED, NONPROFIT CHILD DEVELOPMENT CENTER; EXCEPTIONS.**

(a) For taxable years beginning after December 31, 1988, any qualified incorporated business under § 6-1504 having taxable income that includes rent charged to a licensed, non-profit child development center shall be allowed a credit against the tax imposed by this chapter in an amount equal to the amount by which the fair market value of the space leased to the licensed, nonprofit child development center exceeds the rent charged by the business to the licensed, non-profit child development center.

(b) For purposes of this section, the term:

(1) "Fair market rental value" means:

(A) The average rent charged by the incorporated business to tenants in the same building, other than the licensed, nonprofit child development center, for comparable space; or

(B) When a licensed, nonprofit child development center is the sole lessee occupying space in the building, or when the building contains no space comparable to that occupied by the licensed, nonprofit child development center, an amount as determined by the Mayor with reference to the average rent charged to tenants for occupancy of comparable space in other buildings in the economic development zone.

(2) "Child development center" means a child development center as that term is defined in § 4-401(2).

(c) If the amount of the credit allowable under this section exceeds the tax otherwise due from a qualified incorporated business, the amount of the credit not used as an offset against the tax may be carried forward or back for up to 5 years, except that no portion of the credit shall be:

(1) Carried back to any taxable year ending before January 1, 1990; or

(2) Claimed for any taxable year in which the qualified incorporated business was not located within an economic development zone or did not employ a certified employee.

(July 16, 1947, ch. 258, art. I, title VII, § 5, as added Oct. 20, 1988, D.C. Law 7-177, § 10(b), 35 DCR 6158; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1807.6.

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-177, see Historical and Statutory Notes following § 47-1803.03.

##### *Miscellaneous Notes*

## **§ 47-1807.07. EMPLOYER-ASSISTED HOME PURCHASE TAX CREDIT.**

(a) For the purposes of this section, the term:

(1)(A) "Area median income" means:

(i) For a household of 4 persons, the area median income for a household of 4 persons in the Washington Metropolitan Statistical Area as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development;

(ii) For a household of 3 persons, 90% of the area median income for a household of 4 persons;

(iii) For a household of 2 persons, 80% of the area median income for a household of 4 persons;

(iv) For a household of one person, 70% of the area median income for a household of 4 persons; and

(v) For a household of more than 4 persons, the area median income for a household of 4 persons, increased by 10% of the area median income for a family of 4 persons for each household member exceeding 4 persons (e.g., the area median income for a family of 5 shall be 110% of the area median income for a family of 4; the area median income for a household of 6 shall be 120% of the area median income for a family of 4).

(B) Any percentage of household income referenced in this title (e.g., 80% of household income) shall be determined through a direct mathematical calculation and shall not take into account any adjustments made by the United States Department of Housing and Urban Development for the purposes of the programs it administers.

(2) "Certified employer-assisted home purchase program" means a program:

(A) Through which an employer provides homeownership assistance to its employees;

(B) Which is provided uniformly to the employees of the employer; provided, that the employer may limit eligibility for the program by establishing a maximum income limit and may limit assistance to new homebuyers; and

(C) Which is certified by the Mayor.

(3) "Eligible employee" means an employee who:

(A) Has been employed by the employer for the prior 12 months;

(B) Is not self-employed;

(C) Is not a member of the board of directors of the employer;

(D) Does not own, directly or indirectly, a majority of the stock of the employer; and

(E) Has a household income equal to or less than 120% of the area median income.

(4) "Employer" means a natural person, corporation, partnership, limited liability company, or other entity that:

(A) Is subject to taxation under § 47-1807.02 or § 47-1808.03 or is exempt from taxation under § 47-1802.01; and

(B) Has one or more employees.

(5) "Homeownership assistance" means money provided to an eligible employee by an employer for the down payment or other acquisition costs for the purchase of the principal place of residence of the employee.

(6) "New homebuyer" means an employee (and, if married or in a domestic partnership, the employee's spouse or domestic partner) who did not own a principal place of residence in the District during the previous 12 months.

(b)(1) For taxable years beginning after December 31, 2002, the amount of tax payable under this subchapter shall be reduced by a credit equal to 1/2 of the amount of the homeownership assistance provided by the employer to its eligible employees during the taxable year; provided, that:

(A) The reduction shall not exceed \$2,500 for any one eligible employee who receives homeownership assistance;

(B) The assistance is provided through a certified employer-assisted home purchase program;

(C) The assistance is used for the purchase of a qualified residential real property; and

(D) The eligible employee is a new homebuyer.

(2) If the homeownership assistance consists of providing a loan and then discharging all or a portion of the loan upon completion of a required period of employment, the homeownership assistance shall be treated as provided at the time that the loan, or the portion of the loan, is discharged.

(3) To claim the credit allowed by this subsection, the employer shall attach to its tax return:

(A) A form certifying, for each person for whom the employer is claiming the credit under this section:

- (i) The person is an eligible employee of the employer;
- (ii) The employer provided homeownership assistance to the eligible employee under a certified employer-assisted home purchase program;
- (iii) The amount of homeownership assistance provided to the eligible employee;
- (iv) The eligible employee used the homeownership assistance to purchase qualified residential real property;
- (v) The household size and household income of the eligible employee;
- (vi) The address of the qualified residential real property; and
- (vii) The eligible employee intends to reside in the qualified residential real property for at least 5 years; and

(B) A copy of the certification of the employer's employer-assisted affordable homeownership assistance program under which the homeownership assistance was provided.

(Apr. 19, 2002, D.C. Law 14-114, § 901(b)(2), 49 DCR 1468; Sept. 12, 2008, D.C. Law 17-231, § 41(l), 55 DCR 6758.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 17-231, in subsec. (a)(6), substituted "(and, if married or in a domestic partnership, the employee's spouse or domestic partner)" for "(and, if married, the employee's spouse)".

##### *Legislative History of Laws*

For Law 14-114, see notes following § 47-857.01.

For Law 17-231, see notes following § 47-802.

##### *Miscellaneous Notes*

Section 1101 of D.C. Law 14-114 provides: "The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), shall promulgate rules to implement this act."

## **§ 47-1807.08. TAX CREDIT FOR CORPORATIONS THAT PROVIDE AN EMPLOYEE PAID LEAVE TO SERVE AS AN ORGAN OR BONE MARROW DONOR.**

(a) For the purposes of this section, the term "donor" means an individual who makes a gift of an organ, including eyes, or bone marrow.

(b)(1) If in addition to any medical, personal, or other paid leave, including credit for time of service, provided by a corporation, the corporation provides an employee a paid leave of absence to serve as an organ or bone marrow donor, the corporation may claim a nonrefundable credit equal to 25% of the regular salary paid during the taxable year for the leave of absence, not to exceed 30 days for an organ donation and 7 days for a bone marrow donation.

(2) If the corporation elects to claim the credit, an amount equal to the salary or wages upon which the 25% credit is computed shall not be allowed as a deduction.

(3) The credit shall not reduce the minimum tax liability of \$100 under § 47-1807.02(b).

(c) This section shall not apply if the employee is eligible for leave under the Family and Medical Leave Act of 1993, approved February 5, 1993 (107 Stat. 6; 29 U.S.C. § 2601 *et seq.*).

(d) The Chief Financial Officer or his delegate shall promulgate regulations as may be necessary and appropriate to carry out provisions of this section.

(Mar. 6, 2007, D.C. Law 16-211, § 2(b), 53 DCR 9852; Mar. 25, 2009, D.C. Law 17-353, § 144, 56 DCR 1117.)

*Effect of Amendments*

D.C. Law 17-353 validated a previously made technical correction in subsec. (b)(3).

*Temporary Addition of Section*

Section 2(c) of D.C. Law 17-384 added a section to read as follows:

"§ 47-1807.09. Tax credit for hiring qualified veterans.

"(a) For the purposes of this section, the term:

"(1) 'Armed Forces' shall include any branch of the United States Military, including the Army, Navy, Marines, Air Force, Coast Guard, or any National Guard or reserve deployment lasting 6 continuous months or longer.

"(2) 'Qualified veteran' means an individual subject to the District's personal income tax who:

"(A) Has previously served in a branch of the Armed Forces and who was honorably or generally discharged;

"(B) Is not currently employed in a facility owned or operated by the District business with an exemption under § 47-4605;

"(C) Is hired to fill a position of indefinite duration consisting of a minimum of 35 hours per week for not less than 48 weeks per year;

"(D) Is hired within 5 years after being discharged from the Armed Forces or within 2 years of a continuous 6-month National Guard deployment;

"(E) Is a District resident at the time of hiring and maintains District residency for the duration of the 2-year tax credit period; and

"(F) Is not currently employed in a facility owned or operated by the District business seeking the tax credit under this section.

"(b) For taxable years beginning on or after January 1, 2009, an employer shall be allowed a credit against the tax imposed by § 47-1807.02 in an amount equal to 10% of the wages paid by the employer to a qualified veteran during the first 24 calendar months in which the employer employs the qualified veteran. The credit under this section shall not exceed \$5,000 in the aggregate for each qualified veteran who is employed.

"(c) The maximum annual credit allowed under this section shall not exceed the lesser of:

"(1) Ten percent of the wages paid to a qualified veteran during the tax year in which the credit is claimed;

"(2) The total income taxes imposed on the business during the tax year in which the credit is sought; or

"(3) A total of \$2,500 for each eligible veteran.

"(d) The credit under subsection (b) of this section shall not be valid:

"(1) For any wages paid in a calendar month in which the employer has not employed the qualified veteran for at least 90 hours;

"(2) If the employer pays the qualified veteran less than the greater of the legal minimum wage or the wage the employer pays other employees in similar jobs;

"(3) If the employer accords the qualified veteran lesser benefits or rights than the employer accords other employees in similar jobs;

"(4) If the qualified veteran was employed as the result of the displacement, other than for cause, of another employee, or as the result of a strike or lockout, a layoff in which other employees are awaiting recall, or a reduction of the regular wages, benefits, or rights of other employees in similar jobs;

"(5) If the employer does not meet, with respect to the employment of the qualified veteran, all federal and District laws and regulations, including those concerning health, safety, child labor, work/hour, and equal employment opportunity;

"(6) If the qualified veteran is a member of the board of directors of the business, directly or indirectly owns a majority of its stock, or is related to a member of the board of directors or a majority stockholder as a spouse or as any relative listed in the definition of dependent in section 152 of the Internal Revenue Code of 1986 without regard to source of income; or

"(7) If the qualified veteran moves his or her residence outside the District of Columbia during the 24-month period."

Section 5(b) of D.C. Law 17-384 provides that the act shall expire after 225 days of its having taken effect.

*Emergency Act Amendments*

For temporary (90 day) addition, see § 2(c) of Employment of Returning Veteran's Tax Credit Emergency Act of 2008 (D.C. Act 17-654, January 6, 2009, 56 DCR 933).

*Legislative History of Laws*



Law 16-211, the "Organ and Bone Marrow Donor Act of 2006", was introduced in Council and assigned Bill No. 16-701, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on October 3, 2006, and November 14, 2006, respectively. Signed by the Mayor on December 4, 2006, it was assigned Act No. 16-536 and transmitted to both Houses of Congress for its review. D.C. Law 16-211 became effective on March 6, 2007.

For Law 17-353, see notes following § 47-308.

*Miscellaneous Notes*

Applicability: Section 7080 of D.C. Law 17-219 repealed section 3 of D.C. Law 16-211.

## **§ 47-1807.09. JOB GROWTH TAX CREDIT.**

A job growth tax credit shall be allowed as provided in subchapter VII-A of this chapter.

(July 27, 2010, D.C. Law 18-202, § 2(b), 57 DCR 4746.)

*HISTORICAL AND STATUTORY NOTES*

*Emergency Act Amendments*

For temporary (90 day) repeal of § 4 of D.C. Law 18-202, see § 715 of Fiscal Year 2011 Supplemental Budget Support Emergency Act of 2010 (D.C. Act 18-694, January 19, 2011, 58 DCR 662).

*Legislative History of Laws*

Law 18-202, the "Job Growth Incentive Act of 2010", was introduced in Council and assigned Bill No. 18-658, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on April 20, 2010, and May 4, 2010, respectively. Signed by the Mayor on May 21, 2010, it was assigned Act No. 18-414 and transmitted to both Houses of Congress for its review. D.C. Law 18-202 became effective on July 27, 2010.

*Miscellaneous Notes*

Sections 3 and 4 of D.C. Law 18-202 provide:

"Sec. 3. Sunset.

"This act shall expire on January 1, 2030.

"Sec. 4. Applicability.

"This act shall apply upon the inclusion of its fiscal effect in an approved budget and financial plan."

Section 715 of D.C. Law 18-370 repealed section 3 of D.C. Law 18-202.

## **SUBCHAPTER VII-A. JOB GROWTH TAX CREDIT.**

### **§ 47-1807.51. DEFINITIONS.**

For the purposes of this subchapter, the term:

(1) "Credit certificate" means a statement issued by the Mayor, issued under § 47-1807.55, certifying that a project qualifies for the job growth tax credit and specifying the amount of the job growth tax credit allowed.

(2) "Credit period" means a period of up to 60 consecutive months for which a taxpayer may claim the job growth tax credit that is calculated annually by the Mayor. The credit period shall not extend past December 31, 2020.

(3) "Chief Financial Officer" means the Office of the Chief Financial Officer created by § 1-204.24a.

(4) "FICA taxes" means the taxes imposed by section 3111(a) and (b) of the Internal Revenue Code of 1986.

(5) "Job growth tax credit" means the credit against the franchise taxes imposed by subchapters VII and VIII of this chapter allowed pursuant to this subchapter.

(6) "Mayor" means the Mayor of the District of Columbia

(7) "Net job growth" means the difference between the total number of full-time equivalent employees, who are residents of the District of Columbia, employed by the taxpayer in the District of Columbia for the project at the end of each calendar year of the project and the total number of full-time equivalent employees, who are residents of the District of Columbia, employed by the taxpayer in the District of Columbia for the project at the commencement of the project.

(8) "Project" means any business project that encourages, promotes, and stimulates economic development in key economic sectors and that is approved by the Mayor as specified in § 47-1807.54.

(9) "Taxpayer" means a taxpayer engaged in trade or business.

(July 27, 2010, D.C. Law 18-202, § 2(c), 57 DCR 4746.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) repeal of § 4 of D.C. Law 18-202, see § 715 of Fiscal Year 2011 Supplemental Budget Support Emergency Act of 2010 (D.C. Act 18-694, January 19, 2011, 58 DCR 662).

##### *Legislative History of Laws*

Law 18-202, the "Job Growth Incentive Act of 2010", was introduced in Council and assigned Bill No. 18-658, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on April 20, 2010, and May 4, 2010, respectively. Signed by the Mayor on May 21, 2010, it was assigned Act No. 18-414 and transmitted to both Houses of Congress for its review. D.C. Law 18-202 became effective on July 27, 2010.

##### *Miscellaneous Notes*

Sections 3 and 4 of D.C. Law 18-202 provide:

"Sec. 3. Sunset.

"This act shall expire on January 1, 2030.

"Sec. 4. Applicability.

"This act shall apply upon the inclusion of its fiscal effect in an approved budget and financial plan."

Section 715 of D.C. Law 18-370 repealed section 3 of D.C. Law 18-202.

### **§ 47-1807.52. JOB GROWTH TAX CREDIT.**

For tax years beginning on or after January 1, 2010, but prior to January 1, 2015, upon application by a taxpayer, in the order of priority received and not to exceed the annual amount allocated therefor in the budget and financial plan, the Mayor, in accordance with this subchapter, shall approve, and there may be allowed, to any taxpayer an annual job growth tax credit with respect to the franchise taxes imposed by subchapters VII and VIII of this chapter, for a credit period in an amount determined by the Mayor pursuant to § 47-1807.54.

(July 27, 2010, D.C. Law 18-202, § 2(c), 57 DCR 4746.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 18-202, see notes following § 47-1807.51.

### **§ 47-1807.53. JOB GROWTH TAX CREDIT ELIGIBILITY.**

The Mayor shall approve any job growth tax credits allowed by § 47-1807. 52 if, during a credit period, a project shall:

- (1) Bring a net job growth of at least 10 new jobs to the District of Columbia with an average yearly wage of at least 120% of the average yearly wage of residents of the District of Columbia;
- (2) Increase income tax and payroll revenue for the District of Columbia;
- (3) Result in the retention of any new positions proposed by the project for at least one year; and
- (4) Be approved by the Mayor only if the project would not occur but for the job growth tax credit.

(July 27, 2010, D.C. Law 18-202, § 2(c), 57 DCR 4746.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 18-202, see notes following § 47-1807.51.

### **§ 47-1807.54. JOB GROWTH TAX CREDIT APPLICATION, APPROVAL, AND CALCULATION.**

(a) A taxpayer shall apply for, and the Mayor shall approve, the job growth tax credit as follows:

(1) A taxpayer shall submit a complete written application for a job growth tax credit to the Mayor before the project commences in the District of Columbia. The application shall include:

(A) A detailed description of the project;

(B) An identification of the specific jobs that will be created and the anticipated salary range for each job; and

(C) Documentation to demonstrate that, without the job growth tax credit, the project would not occur in the District of Columbia, which documentation shall include information that indicates:

(i) Receipt of the job growth tax credit is a major factor in the taxpayer's decision; and

(ii) Without the job growth tax credit, the taxpayer is not likely to commence the project in the District of Columbia.

(2) The Mayor shall review each application submitted for a job growth tax credit. Based on the application submitted, the Mayor shall approve the job growth tax credit as provided by § 47-1807.52. The approval shall include the maximum amount of the credit available to the taxpayer for the entire credit period calculated pursuant to subsection (b) of this section and the specific terms that shall be met to qualify for the job growth tax credit.

(b) The job growth tax credit allowed shall be calculated by the Mayor as follows:

(1) For the maximum amount of the job growth tax credit available to the taxpayer for the credit period, the Mayor shall multiply the estimated net job growth for each of the years in the credit period by 50% of the taxpayer's total estimated FICA taxes each year for all new employees of the project who are residents of the District of Columbia.

(2) For the annual amount of the job growth tax credit allowed, the Mayor shall multiply the actual net job growth for that year by 50% of the taxpayer's FICA taxes for the new employees of the project who are residents of the District of Columbia; provided, that a job growth tax credit shall not be allowed, and a credit certificate shall not be issued, in an amount that exceeds the maximum amount of the approved job growth tax credits as calculated pursuant to paragraph (1) of this subsection.

(3) If the amount of the credit allowed under paragraph (2) of this subsection exceeds the amount of franchise taxes otherwise due on the taxpayer's income in the tax year for which the job growth tax credit is being claimed, the unused amount of the job growth tax credit may be carried forward and used as a credit against subsequent years' franchise tax liability for a period not to exceed 10 years and shall be applied first to the earliest tax years possible. Any credit remaining after this period shall not be refunded or credited to the taxpayer.

(4) A taxpayer who uses a job growth tax credit that is subsequently disallowed shall be liable for the resulting tax deficiency, interest, and penalties as otherwise provided by law.

(July 27, 2010, D.C. Law 18-202, § 2(c), 57 DCR 4746.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 18-202, see notes following § 47-1807.51.

### **§ 47-1807.55. JOB GROWTH TAX CREDIT ADMINISTRATION.**

(a) A taxpayer that receives approval for a job growth tax credit shall notify the Mayor promptly if the project is canceled or otherwise becomes ineligible for the job growth tax credit, in which case the approval may be canceled. The approval shall be void if the taxpayer that receives approval does not commence the project within 1 1/2 years after the receipt of the approval or fails to meet the specific terms established by the Mayor under § 47-1807.54(a)(2).

(b)(1) On or before March 1 of the calendar year after the commencement of the project, and each March 1 of any calendar year following a year of the credit period, a taxpayer that received approval under § 47-1807.54(a)(2) shall submit an annual request for a credit certificate to the Mayor. The request shall include documents that detail the number of employees hired for the project, the net job growth for the project, all documentation necessary to calculate the job growth tax credit, and any other information requested by the Mayor.

(2) If the project has commenced and the project meets or exceeds the conditions of a project as specified in § 47-1807.53 and the specific terms established by the Mayor under § 47-1807.54(a)(2), the Mayor shall, on an annual basis, certify the project's compliance with § 47-1807.53 and § 47-1807.54(a)(2), calculate the annual amount of the credit allowed as specified in § 47-1807.54(b)(2), and issue a credit certificate for that calendar year in that amount to the taxpayer. The credit certificate shall be submitted by the taxpayer to the Chief Financial Officer with the taxpayer's income tax return

for the tax year that includes December 31 of the calendar year for which the credit certificate is issued.

(c) The Chief Financial Officer may audit the accounts of a taxpayer receiving a job growth tax credit up to 12 months following the issuance of any credit certificate.

(d) The Mayor shall transmit an annual report to the Council, including information regarding all approvals granted and credit certificates issued in reference to the job growth tax credit, including the names of the recipients of the credits, the credit amounts claimed, and the total net job growth for each recipient.

(July 27, 2010, D.C. Law 18-202, § 2(c), 57 DCR 4746.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 18-202, see notes following § 47-1807.51.

## **§ 47-1807.56. RULES.**

The Mayor, pursuant to Chapter 5 of Title 2, shall issue rules necessary to implement the provisions of this subchapter.

(July 27, 2010, D.C. Law 18-202, § 2(c), 57 DCR 4746.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 18-202, see notes following § 47-1807.51.

## **SUBCHAPTER VIII. TAX ON UNINCORPORATED BUSINESSES.**

### **§ 47-1808.01. TAX ON UNINCORPORATED BUSINESSES--DEFINITION.**

For the purposes of this chapter (not alone of this subchapter) and unless otherwise required by the context, the term "unincorporated business" means any trade or business, conducted or engaged in by any individual, whether resident or nonresident, statutory or common-law trust, estate, partnership, or limited or special partnership, society, association, executor, administrator, receiver, trustee, liquidator, conservator, committee assignee, or by any other entity or fiduciary, other than a trade or business conducted or engaged in by any corporation and include any trade or business which if conducted or engaged in by a corporation would be taxable under subchapter VII of this chapter. The term "unincorporated business" does not include:

- (1) A trade or a business which by law, customs, or ethics cannot be incorporated;
- (2) A trade, a business, or a profession which can be incorporated only under Chapter 5 of Title 29;
- (3) A trade or business in which more than 80% of the gross income is derived from the personal services actually rendered by the individuals or the members of the partnership or other entity in the conducting or the carrying on of a trade or a business and in which capital is not a material income-producing factor;
- (4) A trade or a business engaged in by a blind person licensed by the District of Columbia pursuant to An Act To authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes (20 U.S.C. § 107 et seq.); or
- (5) A Qualified High Technology Company.

(July 16, 1947, 61 Stat. 345, ch. 258, art. I, title VIII, § 1; Dec. 10, 1971, 85 Stat. 582, Pub. L. 92-180, § 21; Oct. 21, 1975, D.C. Law 1-23, title VI, § 605, 22 DCR 2113; June 11, 1982, D.C. Law 4-118, § 113, 29 DCR 1770; Oct. 8, 1983, D.C. Law 5-32, § 6(a), 30 DCR 4013; Mar. 12, 1986, D.C. Law 6-89, § 2, 33 DCR 304; Oct. 1, 1987, D.C. Law 7-29, § 3(h)(1), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 3, 2001, D.C. Law 13-256, § 405, 48 DCR 730; July 2, 2011, D.C. Law 18-378, § 3(jj)(1)(C), 58 DCR 1720.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1808.1.

1973 Ed., § 47-1574.

#### *Effect of Amendments*

D.C. Law 13-256 added par. (5).

D.C. Law 18-378, in par. (2), substituted "Chapter 5" for "Chapter 4".

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 5-32, see Historical and Statutory Notes following § 47-1816.03.

Law 6-89, the "Blind Vendors Tax Relief Amendment Act of 1985," was introduced in Council and assigned Bill No. 6-132, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 19, 1985 and December 3, 1985, respectively. Signed by the Mayor on December 30, 1985, it was assigned Act No. 6-117 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 13-256, see notes following § 47-1508.

For history of Law 18-378, see notes under § 47-1802.01.

#### *Miscellaneous Notes*

Mayor authorized to issue regulations: Section 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provisions of the act.

## **§ 47-1808.02. TAX ON UNINCORPORATED BUSINESSES--DEFINITIONS.**

For purposes of this subchapter, the term:

(1) "Taxable income" means the amount of net income derived from sources within the District, within the meaning of §§ 47-1810.01 to 47-1810.03, in excess of the exemption granted under § 47-1808.04; provided, that taxable income shall not include the gross income of a qualified community development entity, as defined in section 45D(c)(1) of the Internal Revenue Code of 1986, that has received an allocation or suballocation of new markets tax credits pursuant to section 45D(f) of the Internal Revenue Code of 1986, but only to the extent that the gross income is derived from one or more qualified low-income community investments, as defined in section 45D(d)(1) of the Internal Revenue Code of 1986.

(2) "Taxable period" means a taxable year, or a portion of a taxable year.

(July 16, 1947, 61 Stat. 346, ch. 258, art. I, title VIII, § 2; Sept. 26, 1984, D.C. Law 5-113, § 302(b)(1), 31 DCR 3974; Oct. 1, 1987, D.C. Law 7-29, § 2(h)(2), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Sept. 18, 2007, D.C. Law 17-20, § 1022, 54 DCR 7052.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1808.2.

1973 Ed., § 47-1574a.

##### *Effect of Amendments*

D.C. Law 17-20, in par. (1), inserted "; provided, that taxable income shall not include the gross income of a qualified community development entity, as defined in section 45D(c)(1) of the Internal Revenue Code of 1986, that has received an allocation or suballocation of new markets tax credits pursuant to section 45D(f) of the Internal Revenue Code of 1986, but only to the extent that the gross income is derived from one or more qualified low-income community investments, as defined in section 45D(d)(1) of the Internal Revenue Code of 1986".

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see §§ 1022, 1023 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

##### *Legislative History of Laws*

For legislative history of D.C. Law 5-113, see Historical and Statutory Notes following § 47-1807.01.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 17-20, see notes following § 47-305.02.

Mayor authorized to issue rules: See second paragraph of note to § 47-2601.

Short title: Section 1021 of D.C. Law 17-20 provided that subtitle C of title I of the act may be cited as the "New Markets Tax Credit Clarification Act of 2007".

Applicability: Section 1023 of D.C. Law 17-20 provides: "Section 1022 shall apply as of October 1, 2007."

## **§ 47-1808.03. TAX ON UNINCORPORATED BUSINESSES--LEVY AND RATES.**

(a) Except as exempted under subchapter II of this chapter, for the privilege of carrying on or engaging in any trade or business within the District and of receiving income from sources within the District, there is levied:

(1) For 1 taxable year beginning after December 31, 1974, a tax at the rate of 12% upon the taxable income of every unincorporated business, whether domestic or foreign;

(2) For the taxable years beginning after December 31, 1975, a tax at the rate of 9% upon the taxable income of every unincorporated business, whether domestic or foreign, except that, effective October 1, 1984, the rate of tax shall be 10% upon the taxable income for any taxable period, except that for taxable years beginning after December 31, 1994, the rate of tax shall be 9.5%;

(3) For the taxable years beginning after December 31, 2002, a tax at the rate of 9.5% upon the taxable income of every unincorporated business, whether domestic or foreign.

(3A)(A) A surtax at the rate of 2.5% on the tax determined under paragraph (2) or (3) of this subsection, as applicable.

(B) Subparagraph (A) of this paragraph shall apply for any tax period beginning after September 30, 1992.

(3B)(A) A surtax at the rate of 2.5%, separate from and in addition to, the surtax imposed by paragraph (3A) of this subsection, on the tax determined under paragraph (2) or (3) of this subsection, as applicable, for any tax period beginning after September 30, 1994.

(B) Subparagraph (A) of the paragraph shall apply for any tax period beginning after September 30, 1994.

(4) For the taxable years beginning after December 31, 2003, a tax at the rate of 9.975% upon the taxable income of every unincorporated business, whether domestic or foreign.

(b) The minimum tax payable under this section shall be \$250. If District gross receipts are greater than \$1 million, the minimum tax payable shall be \$1,000.

(July 16, 1947, 61 Stat. 346, ch. 258, art. I, title VIII, § 3; Aug. 2, 1968, 82 Stat. 612, Pub. L. 90-450, title II, § 202(b); Oct. 31, 1969, 83 Stat. 179, Pub. L. 91-106, title VI, § 604(a)(2); Dec. 15, 1971, 85 Stat. 654, Pub. L. 92-196, title IV, §§ 402, 404; Oct. 21, 1975, D.C. Law 1-23, title VI, § 604, 22 DCR 2112; July 27, 1976, D.C. Law 1-77, § 3, 23 DCR 1219; Mar. 16, 1978, D.C. Law 2-58, § 202, 24 DCR 5765; June 22, 1983, D.C. Law 5-14, § 903, 30 DCR 2632; Sept. 26, 1984, D.C. Law 5-113, § 302(b)(2), 31 DCR 3974; Oct. 1, 1987, D.C. Law 7-29, § 2(h)(3), 34 DCR 5097; July 26, 1989, D.C. Law 8-17, § 2(e), 36 DCR 4160; June 14, 1994, D.C. Law 10-128, § 103(d), 41 DCR 2096; Sept. 28, 1994, D.C. Law 10-188, § 301(b)(1), 41 DCR 5333; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 20, 1999, D.C. Law 13-38, § 2702(j), 46 DCR 6373; Oct. 1, 2002, D.C. Law 14-190, § 802(d), 49 DCR 6968; June 5, 2003, D.C. Law 14-307, § 1002(b), 49 DCR 11664; Sept. 14, 2011, D.C. Law 19-21, § 8072(b), 58 DCR 6226.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1808.3.

1973 Ed., § 47-1574b.

#### *Effect of Amendments*

D.C. Law 13-38 rewrote subsec. (a)(3) and repealed subsec. (a)(4).

Section 2702(j)(2)(B) of D.C. Law 13-38 provides: "This paragraph shall be effective for tax years beginning after December 31, 2002."

Section 2703(c) of D.C. Law 13-38 provides: "Section 2702(f), (h), (i), and (j) shall apply for tax years beginning after December 31, 1999."

D.C. Law 14-190, in subsec. (a), rewrote pars. (3) and (4) which had read as follows:

"(3)(A) For the taxable years beginning after December 31, 2002, a tax at the rate of 9% upon the taxable income of every unincorporated business, whether domestic or foreign, except that for taxable years

beginning after December 31, 2003, the rate of tax shall be 8.5%.

"(B) Subparagraph (A) of this paragraph shall not apply if the certification by the Chief Financial Officer required by 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5% or the real GDP growth is less than or equal to 1.7%."

"(4) [Repealed]."

D.C. Law 14-307, in subsec. (a), substituted "9.5%" for "9.0%" in par. (3), added pars. (3A) and (3B), and rewrote par. (4)(A) which had read as follows:

"(a)(4)(A) For the taxable years beginning after December 31, 2003, a tax at the rate of 8.5% upon the taxable income of every corporation, whether domestic or foreign."

"(B) Subparagraph (A) of this paragraph shall not apply if:

"(i) The certification by the Chief Financial Officer required by § 47-387.01 demonstrates that the accumulated general fund balance for the immediately preceding fiscal year is less than 5% of the general fund operating budget for the current fiscal year, the nominal GDP growth is less than or equal to 3.5%, or the real GDP growth is less than or equal to 1.7%; or

"(ii) The Mayor demonstrates, and the Chief Financial Officer certifies, that a proposed budget will not be balanced as required by § 1-206.03(c) if the scheduled tax rate decrease under subparagraph (A) of this paragraph takes effect."

D.C. Law 19-21, in subsec. (b), substituted "shall be \$250. If District gross receipts are greater than \$1 million, the minimum tax payable shall be \$1,000." for "shall be \$100".

#### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 202(a) of Tax Parity Rates and Unincorporated Business Franchise Tax Rate Clarification Temporary Act of 2002 (D.C. Law 14-163, June 25, 2002, law notification 49 DCR 6499).

#### *Emergency Act Amendments*

For temporary (90-day) amendment of section, see §§ 2702(j) and 2703(c) of the Service Improvement and Fiscal Year 2000 Budget Support Emergency Act of 1999 (D.C. Act 13-110, July 28, 1999, 46 DCR 6320).

For temporary (90 day) amendment of section, see §§ 202 and 203 of Tax Parity Rates and Unincorporated Business Franchise Tax Rate Clarification Emergency Act of 2002 (D.C. Act 14-309, March 25, 2002, 49 DCR 3416).

For temporary (90 day) amendment of section, see § 1002(b) and 1003 of Fiscal Year 2003 Budget Support Amendment Emergency Act of 2002 (D.C. Act 14-544, December 4, 2002, 49 DCR 11700).

For temporary (90 day) amendment of section, see §§ 1002(b) and 1003 of the Fiscal Year 2003 Budget Support Amendment Congressional Review Emergency Act of 2003 (D.C. Act 15-27, February 24, 2003, 50 DCR 2151).

For temporary (90 day) amendment of section, see § 802(d) of Fiscal Year 2003 Budget Support Emergency Act of 2002 (D.C. Act 14-453, July 23, 2002, 49 DCR 8026).

For temporary (90 day) amendment of section, see §§ 1002(b) and 1003 of Fiscal Year 2003 Budget Support Amendment Second Congressional Review Emergency Act of 2003 (D.C. Act 15-103, June 20, 2003, 50 DCR 5499).

For temporary (90 day) amendment of section 8074 of D.C. Law 19-21, see § 2(b) of Revised Fiscal Year 2012 Budget Support Technical Clarification Emergency Amendment Act of 2011 (D.C. Act 19-157, October 4, 2011, 58 DCR 8688).

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 1-77, see Historical and Statutory Notes following § 47-1807.02.

For legislative history of D.C. Law 2-58, see Historical and Statutory Notes following § 47-1807.02.

For legislative history of D.C. Law 5-14, see Historical and Statutory Notes following § 47-1807.02.

For legislative history of D.C. Law 5-113, see Historical and Statutory Notes following § 47-1807.01.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 8-17, see Historical and Statutory Notes following § 47-1803.02.

For legislative history of D.C. Law 10-128, see Historical and Statutory Notes following § 47-1808.04.

For legislative history of D.C. Law 10-188, see Historical and Statutory Notes following § 47-1807.02a.

For Law 13-38, see notes following § 47-1801.04.

For Law 14-190, see notes following § 47-308.01.

For Law 14-307, see notes following § 47-903.

For history of Law 19-21, see notes under § 47-305.02.

#### *Delegation of Authority*

Delegation of authority under Law 5-14, see Mayor's Order 83-190, July 25, 1983.

#### *Miscellaneous Notes*

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: See Historical and Statutory Notes following § 47-1807.02a.

Mayor authorized to issue rules: Section 1102 of D.C. Law 5-14 provided that the Mayor shall issue rules necessary to carry out the provisions of the act.

Audit of accounts and operation of Authority: See Historical and Statutory Notes following § 47-1807.02a.

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: Section 2(l)(1) of D.C. Law 12-142 provides that § 306(a) of D.C. Law 10-188, providing for the expiration of that act, is repealed.

Section 1003 of D.C. Law 14-307 provides:

"Sec. 1003. Applicability.

"Section 1002 shall apply as of January 1, 2003."

Sections 8073 and 8074 of D.C. Law 19-21 provide:

"Sec. 8073. Rules.

"The Mayor, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), may issues rules to implement the provisions of this subtitle.

"Sec. 8074. Applicability.

"This subtitle shall apply as of December 31, 2010."

### **§ 47-1808.03A. TAX ON UNINCORPORATED BUSINESSES--TRANSFER OF SURTAX TO CONVENTION CENTER AUTHORITY.[REPEALED]**

(July 16, 1947, 61 Stat. 331, ch. 258, art. I, title VIII, § 3a, as added Sept. 28, 1994, D.C. Law 10-188, § 301(b)(2), 41 DCR 5333; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Aug. 12, 1998, D.C. Law 12-142, § 3(a), 45 DCR 4826.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1808.3a.

##### *Legislative History of Laws*

For legislative history of D.C. Law 10-188, see Historical and Statutory Notes following § 47-1807.02a.

For legislative history of D.C. Law 12-142, see Historical and Statutory Notes following § 47-1807.02a.

##### *Miscellaneous Notes*

Expiration of §§ 301, 302 and 303 of D.C. Law 10-188: See Historical and Statutory Notes following § 47-1807.02a.

Audit of accounts and operation of Authority: See Historical and Statutory Notes following § 47-1807.02a.

### **§ 47-1808.04. TAX ON UNINCORPORATED BUSINESSES--EXEMPTION.**

Before computing the tax upon the taxable income of an unincorporated business, there shall be deducted therefrom an exemption of \$5,000; except, that where the period covered by a return is less than a year, or where a return shows that an unincorporated business has been carried on for less than 12 months, such exemption shall be prorated on a daily basis; provided, however, that any amount exempt under this section from the tax imposed by § 47-1808.03 shall be reported and included in the gross income of that person or those persons entitled to a share therein in proportion to the share to which each person is entitled, and shall be reported in the return of each such person for his or her taxable year in which is ended the taxable year of the unincorporated business.

(July 16, 1947, 61 Stat. 346, ch. 258, art. I, title VIII, § 4; May 27, 1949, 63 Stat. 132, ch. 146, title IV, § 416;



Feb. 3, 1976, D.C. Law 1-44, § 4, 23 DCR 4057; Oct. 8, 1983, D.C. Law 5-32, § 6(b), 30 DCR 4013; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1808.4.

1973 Ed., § 47-1574c.

##### *Legislative History of Laws*

For legislative history of D.C. Law 1-44, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 5-32, see Historical and Statutory Notes following § 47-1816.03.

##### *Miscellaneous Notes*

Mayor authorized to issue regulations: Section 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provisions of the act.

### **§ 47-1808.05. TAX ON UNINCORPORATED BUSINESSES--PERSONS LIABLE FOR PAYMENT.**

The taxes imposed by § 47-1808.03 shall be payable by the person or persons, jointly and severally, conducting the unincorporated business. The taxes imposed under this subchapter may be assessed in the name of the unincorporated business or in the name or names of the person or persons liable for the payment of such taxes, or both.

(July 16, 1947, 61 Stat. 346, ch. 258, art. I, title VIII, § 5; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1808.5.

1973 Ed., § 47-1574d.

### **§ 47-1808.06. PARTNERSHIPS.**

Individuals carrying on any trade or business in partnership in the District, other than an unincorporated business, shall be liable for income tax only in their individual capacities. The tax on all such income shall be assessed against the individual partners under §§ 47-1806.01 to 47-1806.06. There shall be included in computing the net income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or if his net income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the taxable year upon the basis of which the partner's net income is computed.

The term "accounting period" as used in this section refers to the calendar or fiscal year of a partnership.

(July 16, 1947, 61 Stat. 346, ch. 258, art. I, title VIII, § 6; Oct. 1, 1987, D.C. Law 7-29, § 2(h)(4), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1808.6.

1973 Ed., § 47-1574e.

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

### **§ 47-1808.06A. TAXATION OF LIMITED LIABILITY COMPANIES.**

For purposes of District income and franchise taxation, a limited liability company formed under Chapter 8 of Title 29 or a foreign limited liability company registered to do business in the District under Chapter 1 of Title 29 shall be classified as a partnership unless classified otherwise for federal income tax purposes, in which case the limited liability company shall be classified in the same manner as it is classified for

federal income tax purposes. For purposes of District income and franchise taxation, a member or an assignee of a member of a limited liability company formed or subject to Title 29 shall be treated as either a resident or nonresident partner unless classified otherwise for federal income tax purposes, in which case the member or assignee of a member shall have the same status as such member or assignee of a member has for federal income tax purposes.

(July 2, 2011, D.C. Law 18-378, § 3(jj)(1)(D), 58 DCR 1720; Sept. 26, 2012, D.C. Law 19-171, § 89(c), 59 DCR 6190.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 19-171 made a technical amendment to the enacting clause of D.C. Law 18-378, § 3(jj)(1)(D), that did not change the text of the section.

##### *Legislative History of Laws*

For history of Law 18-378, see notes under § 47-1802.01.

For history of Law 19-171, see notes under § 47-825.01.

##### *Miscellaneous Notes*

Applicability date of D.C. Law 18-378: Section 5 of D.C. Law 18-378, as amended by section 7082 of D.C. Law 19-21, provides:

"Sec. 5. Applicability.

"This act shall apply as of January 1, 2012.".

## **§ 47-1808.07. TAX CREDIT.**

For taxable years beginning after December 31, 1988, the amount of tax payable by an unincorporated business approved as qualified under § 6-1504 shall be reduced by a credit equal to the credits available to qualified incorporated businesses pursuant to §§ 47-1807.04, 47-1807.05, 47-1807.06, and 47-1807.07.

(July 16, 1947, ch. 258, art. I, title VIII, § 7, as added Oct. 20, 1988, D.C. Law 7-177, § 10(c), 35 DCR 6158; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 19, 2002, D.C. Law 14-114, § 901(b)(3), 49 DCR 1468.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1808.7.

##### *Effect of Amendments*

D.C. Law 14-114 substituted "47-1807.06, and 47-1807.07" for "and 47-1807.06".

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-177, see Historical and Statutory Notes following § 47-1803.03.

For Law 14-114, see notes following § 47-857.01.

##### *Miscellaneous Notes*

Mayor authorized to issue rules: See Historical and Statutory Notes following § 47-1803.03.

## **§ 47-1808.08. TAX CREDIT FOR UNINCORPORATED BUSINESSES THAT PROVIDE AN EMPLOYEE PAID LEAVE TO SERVE AS AN ORGAN OR BONE MARROW DONOR.**

(a) For the purposes of this section, the term "donor" means an individual who makes a gift of an organ, including eyes, or bone marrow.

(b)(1) If in addition to any medical, personal, or other paid leave, including credit for time of service, provided by an unincorporated business, the unincorporated business provides an employee a paid leave of absence to serve as an organ or bone marrow donor, the unincorporated business may claim a credit equal to 25% of the regular salary or wages to the employee paid during the taxable year for that leave of absence, not to exceed 30 days for an organ donation and 7 days for a bone marrow donation.

(2) If the unincorporated business elects to claim the credit, an amount equal to the salary or wages upon which the 25% credit is computed shall not be allowed as a deduction.

(3) The credit shall not reduce the minimum tax liability of \$100 under § 47-1808.03(b).

(c) This section shall not apply if the employee is eligible for leave under the Family and Medical Leave Act of 1993, approved February 5, 1993 (107 Stat. 6; 29 U.S.C. § 2601 *et seq.*).

(d) The Chief Financial Officer or his delegate shall promulgate regulations as may be necessary and appropriate to carry out provisions of this section.

(Mar. 6, 2007, D.C. Law 16-211, § 2(c), 53 DCR 9852; Mar. 25, 2009, D.C. Law 17-353, § 145, 56 DCR 1117.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 17-353 validated a previously made technical correction in subsec. (b)(3).

##### *Temporary Addition of Section*

Section 2(d) of D.C. Law 17-384 added a section to read as follows:

"§ 47-1808.09. Tax credit for hiring qualified veterans.

"(a) For the purposes of this section, the term:

"(1) 'Armed Forces' shall include any branch of the United States Military, including the Army, Navy, Marines, Air Force, Coast Guard, or any National Guard or reserve deployment lasting 6 continuous months or longer.

"(2) 'Qualified veteran' means an individual subject to the District's personal income tax who:

"(A) Has previously served in a branch of the Armed Forces and who was honorably or generally discharged;

"(B) Is not currently employed in a facility owned or operated by the District business with an exemption under § 47-4605;

"(C) Is hired to fill a position of indefinite duration consisting of a minimum of 35 hours per week for not less than 48 weeks per year;

"(D) Is hired within 5 years after being discharged from the Armed Forces or within 2 years of a continuous 6-month National Guard deployment;

"(E) Is a District resident at the time of hiring and maintains District residency for the duration of the 2-year tax credit period; and

"(F) Is not currently employed in a facility owned or operated by the District business seeking the tax credit under this section.

"(b) For taxable years beginning on or after January 1, 2009, an employer shall be allowed a credit against the tax imposed by § 47-1808.03 in an amount equal to 10% of the wages paid by the employer to a qualified veteran during the first 24 calendar months in which the employer employs the qualified veteran. The credit under this section shall not exceed \$5,000 in the aggregate for each qualified veteran who is employed.

"(c) The maximum annual credit allowed under this section shall not exceed the lesser of:

"(1) Ten percent of the wages paid to a qualified veteran during the tax year in which the credit is claimed;

"(2) The total income taxes imposed on the business during the tax year in which the credit is sought; or

"(3) A total of \$2,500 for each eligible veteran.

"(d) The credit under subsection (b) of this section shall not be valid:

"(1) For any wages paid in a calendar month in which the employer has not employed the qualified veteran for at least 90 hours;

"(2) If the employer pays the qualified veteran less than the greater of the legal minimum wage or the wage the employer pays other employees in similar jobs;

"(3) If the employer accords the qualified veteran lesser benefits or rights than the employer accords other employees in similar jobs;

"(4) If the qualified veteran was employed as the result of the displacement, other than for cause, of another employee, or as the result of a strike or lockout, a layoff in which other employees are awaiting recall, or a reduction of the regular wages, benefits, or rights of other employees in similar jobs;

"(5) If the employer does not meet, with respect to the employment of the qualified veteran, all federal and District laws and regulations, including those concerning health, safety, child labor, work/hour, and equal employment opportunity;

"(6) If the qualified veteran is a member of the board of directors of the business, directly or indirectly owns a majority of its stock, or is related to a member of the board of directors or a majority stockholder as a spouse or as any relative listed in the definition of dependent in section 152 of the Internal Revenue Code of 1986 without regard to source of income; or

"(7) If the qualified veteran moves his or her residence outside the District of Columbia during the 24 month period."

Section 5(b) of D.C. Law 17-384 provides that the act shall expire after 225 days of its having taken effect.

*Emergency Act Amendments*

For temporary (90 day) addition, see § 2(d) of Employment of Returning Veteran's Tax Credit Emergency Act of 2008 (D.C. Act 17-654, January 6, 2009, 56 DCR 933).

*Legislative History of Laws*

For Law 16-211, see notes following § 47-1807.08.

For Law 17-353, see notes following § 47-308.

*Miscellaneous Notes*

Applicability: Section 3 of D.C. Law 16-211 provided:

"(a) The Chief Financial Officer shall include the fiscal effect of the legislation in its next revised quarterly revenue estimate.

"(b) Section 2 shall not take effect unless the fiscal effect of the legislation is funded in a revised quarterly revenue estimate of the Chief Financial Officer in an amount sufficient to account for its fiscal effect."

## **§ 47-1808.09. JOB GROWTH TAX CREDIT.**

A job growth tax credit shall be allowed as provided in subchapter VII-A of this chapter.

(July 27, 2010, D.C. Law 18-202, § 2(d), 57 DCR 4746.)

*HISTORICAL AND STATUTORY NOTES*

*Emergency Act Amendments*

For temporary (90 day) repeal of § 4 of D.C. Law 18-202, see § 715 of Fiscal Year 2011 Supplemental Budget Support Emergency Act of 2010 (D.C. Act 18-694, January 19, 2011, 58 DCR 662).

*Legislative History of Laws*

For Law 18-202, see notes following § 47-1807.51.

*Miscellaneous Notes*

Sections 3 and 4 of D.C. Law 18-202 provide:

"Sec. 3. Sunset.

"This act shall expire on January 1, 2030.

"Sec. 4. Applicability.

"This act shall apply upon the inclusion of its fiscal effect in an approved budget and financial plan."

Section 715 of D.C. Law 18-370 repealed section 3 of D.C. Law 18-202.

## **SUBCHAPTER IX. TAX ON ESTATES AND TRUSTS.**

### **§ 47-1809.01. TAX ON ESTATES AND TRUSTS--RESIDENCY DEFINITIONS.**

For the purposes of this subchapter, estates and trusts are: (1) Resident estates or trusts, or (2) nonresident estates or trusts. If the decedent was at the time of his death domiciled within the District, his estate is a resident estate, and any trust created by his will is a resident trust. If the decedent was not at the time of his death domiciled within the District, his estate is a nonresident estate, and any trust created by his will is a nonresident trust. If the creator of a trust was at the time the trust was created domiciled within the District, or if the trust consists of property of a person domiciled within the District, the trust is a resident trust. If the creator of the trust was not at the time the trust was created domiciled within the District, the trust is a nonresident trust. If the trust resulted from the dissolution of a corporation organized under the laws of the District of Columbia the trust is a resident trust. If the trust resulted from the dissolution of a foreign corporation, the trust is a nonresident trust.

(July 16, 1947, 61 Stat. 346, ch. 258, art. I, title IX, § 1; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1809.1.

1973 Ed., § 47-1577.

**§ 47-1809.02. TAX ON ESTATES AND TRUSTS--EFFECT OF RESIDENCE OR SITUS OF FIDUCIARY.**

The residence or situs of the fiduciary shall not control the classification of estates and trusts as resident or nonresident under the provisions of § 47- 1809.01.

(July 16, 1947, 61 Stat. 347, ch. 258, art. I, title IX, § 2; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1809.2.

1973 Ed., § 47-1577a.

**§ 47-1809.03. TAX ON ESTATES AND TRUSTS--IMPOSITION.**

The taxes imposed by §§ 47-1806.01 to 47-1806.06 upon residents shall apply to the income of resident estates, and income from any kind of property held in resident trusts, including:

- (1) Income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;
- (2) Income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of any infant or incompetent person which is to be held or distributed as the court may direct;
- (3) Income received by estates of deceased persons during the period of administration or settlement of the estate; and
- (4) Income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

(July 16, 1947, 61 Stat. 347, ch. 258, art. I, title IX, § 3; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1809.3.

1973 Ed., § 47-1577b.

**§ 47-1809.04. TAX ON ESTATES AND TRUSTS--COMPUTATION.**

The tax shall be computed upon the taxable net income of the estate or trust, and shall be paid by the fiduciary, except as provided in § 47-1809.07 (relating to revocable trusts) and § 47-1809.08 (relating to income for benefit of the grantor).

(July 16, 1947, 61 Stat. 347, ch. 258, art. I, title IX, § 4; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1809.4.

1973 Ed., § 47-1577c.

**§ 47-1809.05. TAX ON ESTATES AND TRUSTS--NET INCOME.**

The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except as to the personal exemptions and credits for dependents, and except

that:

(1) There shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under paragraph (2) of this section in the same or any succeeding taxable year;

(2) In the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficiary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is properly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary;

(3) There shall be allowed as a deduction, in lieu of a charitable contribution, any part of the gross income, without limitation, which, pursuant to the terms of the will or deed creating a trust, is during the taxable year paid or permanently set aside for the purposes and in the manner provided in the governing instrument creating the trust;

(4) There shall be allowed to an estate the same exemption as is allowed residents under the provisions of § 47-1806.02(a); and

(5) There shall be allowed to a trust a credit against net income of \$100.

(July 16, 1947, 61 Stat. 347, ch. 258, art. I, title IX, § 5; May 27, 1949, 63 Stat. 132, ch. 146, title IV, § 415; June 11, 1982, D.C. Law 4-118, § 114, 29 DCR 1770; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1809.5.

1973 Ed., § 47-1577d.

##### *Legislative History of Laws*

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

### **§ 47-1809.06. TAX ON ESTATES AND TRUSTS--BENEFICIARY TAXABLE YEAR.**

If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under § 47-1809.05(1), to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust ending within his taxable year.

(July 16, 1947, 61 Stat. 348, ch. 258, art. I, title IX, § 6; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1809.6.

1973 Ed., § 47-1577e.

### **§ 47-1809.07. TAX ON ESTATES AND TRUSTS--REVOCABLE TRUSTS.**

The income of a trust shall be included in computing the net income of the grantor of such trust where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested:

(1) In the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom; or

(2) In any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom.

(July 16, 1947, 61 Stat. 348, ch. 258, art. I, title IX, § 7; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*Prior Codifications*

1981 Ed., § 47-1809.7.

1973 Ed., § 47-1577f.

**§ 47-1809.08. TAX ON ESTATES AND TRUSTS--INCOME FOR BENEFIT OF GRANTOR.**

So much of the income of any trust shall be included in computing the net income of the grantor as:

- (1) Is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor;
- (2) May, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or
- (3) Is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in § 47-1803.03(a)(8), relating to the so-called "charitable contribution" deduction).

(July 16, 1947, 61 Stat. 348, ch. 258, art. I, title IX, § 8; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

HISTORICAL AND STATUTORY NOTES

*Prior Codifications*

1981 Ed., § 47-1809.8.

1973 Ed., § 47-1577g.

**§ 47-1809.09. TAX ON ESTATES AND TRUSTS--"IN DISCRETION OF GRANTOR" DEFINED.**

As used in this subchapter, the term "in the discretion of the grantor" means in the discretion of the grantor either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question.

(July 16, 1947, 61 Stat. 348, ch. 258, art. I, title IX, § 9; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

HISTORICAL AND STATUTORY NOTES

*Prior Codifications*

1981 Ed., § 47-1809.9.

1973 Ed., § 47-1577h.

**§ 47-1809.10. TAX ON ESTATES AND TRUSTS--EMPLOYEES' TRUSTS.**

(a) *Exempt status.* -- A trust forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries shall not be taxable under this chapter and, except as expressly provided in this section, no other provision of this chapter shall apply with respect to such trust or to its beneficiary if such trust meets the requirements for exemption from federal income tax under sections 401, 402, and 501(a) of the Internal Revenue Code of 1986; provided, that to the extent that the trusts have unrelated business income subject to tax under section 511 of the Internal Revenue Code of 1986, the unrelated business income shall be taxed in the same manner and to the same extent as the tax imposed by subchapter VII of this chapter, except as hereinafter in this section expressly provided.

(b) *Distributions.* -- The amount actually distributed or made available to any distributee by any such trust shall be taxable to him, in the year in which so distributed or made available, under § 47-1803.02(b)(2) as if it were an annuity the consideration for which is the amount contributed by the employee.

(c) *Nonexempt contributions.* -- Contribution to a trust made by an employer during a taxable year of the employer which ends within or with a taxable year of the trust for which the trust is not exempt under subsection (a) of this section shall be included in the gross income of an employee for the taxable year in which the contribution is made to the trust in the case of an employee whose beneficial interest in such

contribution is nonforfeitable at the time the contribution is made.

(July 16, 1947, 61 Stat. 348, ch. 258, art. I, title IX, § 10; June 24, 1987, D.C. Law 7-9, § 2(j), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(i), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 202(d), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1809.10.

1973 Ed., § 47-1577i.

##### *Effect of Amendments*

D.C. Law 13-305 rewrote subsec. (a) which had read:

"(a) *Exempt status.* -- A trust forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries shall not be taxable under this chapter and no other provision of this chapter shall apply with respect to such trust or to its beneficiary, except as hereinafter in this section expressly provided, if such trust meets the requirements for exemption from federal income tax under §§ 401, 402, and 501(a) of the Internal Revenue Code of 1986 (§§ 401, 402, and 501(a) of Title 26, United States Code)."

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 13-305, see notes under § 47-901.

##### *Miscellaneous Notes*

Section 203(a) of D.C. Law 13-305 provides:

"(a) Section 202(a) through (e) shall apply for all tax years beginning after December 31, 2000."

## **SUBCHAPTER X. PURPOSE OF CHAPTER AND ALLOCATION AND APPORTIONMENT.**

### **§ 47-1810.01. PURPOSE OF CHAPTER.**

(a) It is the purpose of this chapter to impose:

(1) An income tax upon the entire net income of every resident and every resident estate and trust; and

(2) A franchise tax upon every corporation, financial institution, and unincorporated business for the privilege of carrying on or engaging in any trade or business within the District and of receiving such other income as is derived from sources within the District; provided, however, that, in the case of any corporation, the amount received as dividends from a corporation which is subject to taxation under this chapter or under Chapter 26 of this title, and, in the case of a corporation not engaged in carrying on any trade or business within the District, interest received by it from a corporation which is subject to taxation under this chapter or under Chapter 26 of this title shall not be considered as income from sources within the District for purposes of this chapter; and in the case of any corporation organized as a bank holding company under the provisions of the Bank Holding Company Act of 1956 and the Bank Holding Company Act Amendments of 1970, the amount received as dividends from a corporation which is subject to taxation under this chapter or under the provisions of § 47-2501, and in the case of any such bank holding company not engaged in carrying on any trade or business within the District, interest received by it from a corporation which is subject to taxation under such sections, shall not be considered as income from sources within the District for purposes of this chapter. Provided further, that income derived from the sale of tangible personal property by a corporation, financial institution, or unincorporated business not carrying on or engaging in trade or business within the District as defined in §§ 47-1801.01 to 47-1801.04 shall not be considered as income from sources within the District for purposes of this chapter, with the exception of income from sale to the United States not excluded from gross income as provided in § 47-1803.02(a)(2)(I); provided, further, that dividends received from subsidiary corporations for whom the taxpayer provides services are deemed to be business income subject to apportionment.

(b) Notwithstanding the provisions of this section, all interest received and all dividends (except dividends of corporations subject to the District of Columbia franchise tax or interest and dividends attributable to any IBF time deposit or IBF loan) received by financial institutions shall be deemed to be business income.



(July 16, 1947, 61 Stat. 349, ch. 258, art. I, title X, § 1; May 3, 1948, 62 Stat. 207, ch. 246, § 2; Apr. 17, 1974, 88 Stat. 85, Pub. L. 93-268, § 1; Sept. 13, 1980, D.C. Law 3-95, § 106(a), 27 DCR 3509; July 24, 1982, D.C. Law 4-131, § 102, 29 DCR 2418; Sept. 17, 1982, D.C. Law 4-150, § 105, 29 DCR 3377; Oct. 8, 1983, D.C. Laws 5-32, § 7, 30 DCR 4013; Oct. 1, 1987, D.C. Law 7-29, § 2(j), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1810.1.

1973 Ed., § 47-1580.

##### *Legislative History of Laws*

For legislative history of D.C. Law 3-95, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-150, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 5-32, see Historical and Statutory Notes following § 47-1816.03.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

##### *References in Text*

The Bank Holding Company Act of 1956, referred to in the proviso in the first sentence in paragraph (2) of subsection (a) of this section, is 70 Stat. 133, ch. 240, approved May 9, 1956.

The Bank Holding Company Act Amendments of 1970, referred to in the same proviso, is 84 Stat. 1760, Pub. L. 91-607, approved December 31, 1970.

##### *Miscellaneous Notes*

Mayor authorized to issue regulations: Section 401 of D.C. Law 4-150 and § 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provisions of these acts.

## **§ 47-1810.02. ALLOCATION AND APPORTIONMENT OF DISTRICT AND NON-DISTRICT INCOME.**

(a) *Allocation and apportionment.* -- The entire net income of any corporation, financial institution, or unincorporated business, or the unrelated business income of an exempt organization, derived from any trade or business carried on or engaged wholly within the District shall, for the purposes of this chapter, be deemed to be from sources within the District and shall, along with other income from sources within the District, be allocated to the District. If the net income of a corporation, financial institution, or unincorporated business, or the unrelated business income of an exempt organization, is derived from sources within and without the District, the taxpayer shall apportion business income and allocate non-business income as provided in this section.

(b) *Taxation by another state.* -- For purposes of allocation and apportionment of income under this section, a taxpayer is taxable in another state if:

(1) In that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) That state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(c) *Allocation of nonbusiness income.* --

(1) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute non-business income, shall be allocated as provided in paragraphs (2), (3), (4), and (5) of this subsection.

(2)(A) Net rents and royalties from real property located in the District are allocable to the District.

(B) Net rents and royalties from tangible personal property are allocable to the District:

(i) If and to the extent that the property is utilized in the District; or

(ii) In their entirety if the taxpayer's commercial domicile is in the District and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(C) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during

all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, the tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(3)(A) Capital gains and losses from sales of real property located in the District are allocable to the District.

(B) Capital gains and losses from sales of tangible personal property are allocable to the District if:

(i) The property had a situs in the District at the time of the sale; or

(ii) The taxpayer's commercial domicile is in the District and the taxpayer is not taxable in the state in which the property had a situs.

(C) Capital gains and losses from the sales of intangible personal property are allocable to the District if the taxpayer's commercial domicile is in the District.

(4) Interest and dividends from District sources are allocable to the District unless the interest and dividends are excluded under § 47-1810.01.

(5)(A) Patent and copyright royalties are allocable to the District:

(i) If and to the extent that the patent or copyright is utilized by the payer in the District; or

(ii) If and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in the District.

(B) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(C) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

(d) *Apportionment of business income.* -- Except as provided in subsection (d-1), all business income shall be apportioned to the District by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is 3.

(d-1)(1) *Apportionment of business income.* --All business income shall be apportioned to the District by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor twice, and the denominator of which is 4.

(2) This subsection shall be applicable for the tax years beginning after December 31, 2010.

(e) *Property factor.* --

(1) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the District during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period.

(2) Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at 8 times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from sub-rentals.

(3) The average value of property shall be determined by averaging the values at the beginning and ending of the tax period, but the Mayor may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

(f) *Payroll factor.* --

(1) The payroll factor is a fraction, the numerator of which is the total amount paid in the District during the tax period by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the tax period.

(2) Compensation is paid in the District if:

(A) The individual's service is performed entirely within the District;

(B) The individual's service is performed both within and without the District, but the service performed without the District is incidental to the individual's service within the District; or

(C) Some of the service is performed in the District and:

(i) The base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the District; or

(ii) The base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in the District.

(g) *Sales factor.* --

(1) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in the District during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

(2) Sales of tangible personal property are in the District if:

(A) The property is delivered or shipped to a purchaser within the District regardless of the f.o.b. point or other conditions of the sale; or

(B) The property is shipped from an office, store, warehouse, factory, or other place of storage in the District and

(i) the purchaser is the United States government, or

(ii) the taxpayer is not taxable in the state of the purchaser.

(3) Sales, other than sales of tangible personal property, are in the District if:

(A) The income-producing activity is performed in the District; or

(B) The income-producing activity is performed both in and outside the District and a greater proportion of the income-producing activity is performed in the District than in any other state, based on costs of performance.

(h) *Alternative methods.* -- If the allocation and apportionment provisions of this section do not fairly represent the extent of the taxpayer's business activity in the District, the taxpayer may petition for or the Mayor may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(1) Separate accounting;

(2) The exclusion of any 1 or more of the factors;

(3) The inclusion of 1 or more additional factors that will fairly represent the taxpayer's business activity in the District; or

(4) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

(i) *Definitions.* -- For the purposes of this section, the term:

(1) "State" shall include the District of Columbia.

(2) "Business income" means all income which is apportionable under the Constitution of the United States.

(j) *Construction.* -- This section shall be so construed as to effectuate its general purpose to make uniform the law of those states that enact it.

(July 16, 1947, 61 Stat. 349, ch. 258, art. I, title X, § 2; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-95, § 106(b), 27 DCR 3509; July 24, 1982, D.C. Law 4-131, §§ 103, 108(a), (b), 29 DCR 2418; Feb. 28, 1987, D.C. Law 6-207, § 3, 34 DCR 677; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 202(e), 48 DCR 334; Dec. 7, 2004, D.C. Law 15-205, § 1062(b), 51 DCR 8441; Sept. 14, 2011, D.C. Law 19-21, § 8022, 58 DCR 6226.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1810.2.

1973 Ed., § 47-1580a.

*Effect of Amendments*

D.C. Law 13-305 rewrote subsec. (a) which had read:

"(a) *Allocation and apportionment.* -- The entire net income of any corporation, financial institution, or unincorporated business derived from any trade or business carried on or engaged in wholly within the District shall, for the purposes of this chapter, be deemed to be from sources within the District and shall, along with other income from sources within the District, be allocated to the District. When the net income of a corporation, financial institution, or unincorporated business is derived from sources within and without the District, the taxpayer shall apportion business income and allocate nonbusiness income as provided in this section."

D.C. Law 15-205 rewrote subsec. (i) which had read as follows:

"(i) *Definition.* -- For purposes of this section, the term 'state' shall include the District of Columbia."

D.C. Law 19-21, in subsec. (d), substituted "Except as provided in subsection (d-1), all business" for "All business"; and added subsec. (d-1).

#### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 1062(b) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) amendment of section, see § 1062(b) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR 11725).

For temporary (90 day) addition, see § 7231 of Fiscal Year 2010 Budget Support Second Emergency Act of 2009 (D.C. Act 18-207, October 15, 2009, 56 DCR 8234).

For temporary (90 day) amendment of section, see § 7231 of Fiscal Year Budget Support Congressional Review Emergency Amendment Act of 2009 (D.C. Act 18-260, January 4, 2010, 57 DCR 345).

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-95, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

Law 6-207, the "D.C. Income and Franchise, and Sales Taxes Amendment Act of 1986," was introduced in Council and assigned Bill No. 6-95, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 25, 1986 and December 16, 1986, respectively. Signed by the Mayor on January 8, 1987, it was assigned Act No. 6-267 and transmitted to both Houses of Congress for its review.

For Law 13-305, see notes under § 47-901.

For Law 15-205, see notes following § 47-903.

For history of Law 19-21, see notes under § 47-305.02.

#### *Miscellaneous Notes*

Section 203(a) of D.C. Law 13-305 provides:

"(a) Section 202(a) through (e) shall apply for all tax years beginning after December 31, 2000."

Short title: Section 7230 of D.C. Law 18-111 provided that subtitle U of title VII of the act may be cited as the "Combined Reporting Reform Authorization Act of 2009".

Section 7231 of D.C. Law 18-111 provides:

"Sec. 7231. Implementation of combined reporting reform.

"The Council shall pass legislation to require, for tax years beginning after December 31, 2010, that all corporations taxable in the District of Columbia shall determine the income apportionable or allocable to the District of Columbia by reference to the income and apportionment factors of all commonly controlled corporations organized within the United States with which they are engaged in a unitary business."

Short title: Section 8021 of D.C. Law 19-21 provided that subtitle C of title VIII of the act may be cited as "Apportionment of Business Income Act of 2011".

### **§ 47-1810.03. DISTRIBUTION, APPORTIONMENT, OR ALLOCATION OF INCOME OR DEDUCTIONS BETWEEN OR AMONG ORGANIZATIONS, TRADES, OR BUSINESSES.**

In any of 2 or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the District, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the Mayor is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, whenever in his opinion such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses. The provisions of this section shall apply, but shall not be limited in application, to any case of a common carrier by railroad subject to the Interstate Commerce Act and jointly owned or controlled directly or indirectly by 2 or more common carriers by railroad subject to said Act.

(July 16, 1947, 61 Stat. 349, ch. 258, art. I, title X, § 3; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1810.3.

1973 Ed., § 47-1580b.

*Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

*References in Text*

The Interstate Commerce Act, referred to in the second sentence in this section, is 24 Stat. 379, ch. 104, approved February 4, 1887, which was repealed by 92 Stat. 1337, Pub. L. 95-473, approved October 17, 1978. This latter Act also enacted the Revised Interstate Commerce Act, which is classified to 49 U.S.C. § 10102 et seq.

**§ 47-1810.04. DETERMINATION OF TAXABLE INCOME OR LOSS USING COMBINED REPORT; COMPONENTS OF INCOME SUBJECT TO TAX IN THE DISTRICT, APPLICATION OF TAX CREDITS AND POST-APPORTIONMENT DEDUCTIONS; DETERMINATION OF TAXPAYER'S SHARE OF THE BUSINESS INCOME OF A COMBINE GROUP APPORTIONABLE TO THE DISTRICT.**

(a) The use of a combined report does not disregard the separate identities of the taxpayer members of the combined group. Each taxpayer member is responsible for tax based on its taxable income or loss apportioned or allocated to the District, which shall include, in addition to other types of income, the taxpayer member's apportioned share of business income of the combined group, where business income of the combined group is calculated as a summation of the individual net business incomes of all members of the combined group. A member's net business income is determined by removing all but business income, expense, and loss from that member's total income, as provided in this section and § 47-1810.05.

(b)(1) Each taxpayer member is responsible for tax based on its taxable income or loss apportioned or allocated to the District, which shall include its:

(A) Share of any business income apportionable to the District of each of the combined groups of which it is a member, as determined under subsection (c) of this section;

(B) Share of any business income apportionable to the District of a distinct business activity conducted within and outside the District wholly by the taxpayer member, as determined under the provisions for apportionment of business income set forth in this chapter;

(C) Income from a business conducted wholly by the taxpayer member entirely within the District;

(D) Income sourced to the District from the sale or exchange of capital or assets, and from involuntary conversions, as determined under § 47-1810.05(b)(8);

(E) Nonbusiness income or loss allocable to the District as determined under the provisions for allocation of nonbusiness income set forth in this chapter;

(F) Income or loss allocated or apportioned in an earlier year required to be taken into account as District source income during the income year, other than a net operating loss; and

(G) Net operating loss carryover.

(2) If the taxable income computed pursuant to this section and § 47-1810.05 results in a loss for a taxpayer member of the combined group, that taxpayer member has a District net operating loss, subject to the net operating loss limitations and carryover provisions of this chapter. The District net operating loss shall be applied as a deduction in a prior or subsequent year only if that taxpayer has District source positive net income, whether or not the taxpayer is or was a member of a combined reporting group in the prior or subsequent year.

(3) Except where otherwise provided, no tax credit or post-apportionment deduction earned by one member of the group, but not fully used by or allowed to that member, may be used, in whole or in part, by another member of the group or applied, in whole or in part, against the total income of the combined group. A post-apportionment deduction carried over into a subsequent year as to the member that incurred it, and available as a deduction to that member in a subsequent year, will be considered in the computation of the income of that member in the subsequent year regardless of the composition of that income as apportioned, allocated, or wholly within the District.

(c)(1) The taxpayer's share of the business income apportionable to the District of each combined group of which it is a member shall be the product of the:

(A) Business income of the combined group, determined under § 47-1810.05; and

(B) Taxpayer member's apportionment percentage, determined in accordance with this chapter,

including in the property, payroll, and sales factor numerators of the taxpayer's property, payroll, and sales, respectively, associated with the combined group's unitary business in the District and including in the denominator the property, payroll, and sales of all members of the combined group, including the taxpayer, which property, payroll, and sales are associated with the combined group's unitary business wherever located.

(2) The property, payroll, and sales of a partnership shall be included in the determination of the partner's apportionment percentage in proportion to a ratio the numerator of which is the amount of the partner's distributive share of partnership's unitary income included in the income of the combined group in accordance with § 47-1810.05 and the denominator of which is the amount of the partnership's total unitary income.

(Sept. 14, 2011, D.C. Law 19-21, § 8002(d), 58 DCR 6226; Sept. 26, 2012, D.C. Law 19-171, § 114(h), 59 DCR 6190.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 19-171, in subsec. (b)(2), validated a previously made technical correction.

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 302(d) of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) addition of applicability provision, see § 303 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

##### *Legislative History of Laws*

For history of Law 19-21, see notes under § 47-305.02.

For history of Law 19-171, see notes under § 47-369.01.

##### *Miscellaneous Notes*

Section 8004 of D.C. Law 19-21 provides:

"Sec. 8004. Applicability.

"This subtitle shall apply for taxable years beginning after December 31, 2010."

## **§ 47-1810.05. DETERMINATION OF THE BUSINESS INCOME OF THE COMBINED GROUP.**

(a) The business income of a combined group is determined as follows:

(1) From the total income of the combined group as determined under paragraph (2) of this subsection and subsection (b) of this section, subtract any income and add any expense or loss, other than the business income, expense, or loss of the combined group.

(2) Except as otherwise provided, the total income of the combined group is the sum of the income of each member of the combined group determined under federal income tax laws, as adjusted for District purposes, as if the member were not consolidated for federal purposes.

(3) Notwithstanding any other provision of this chapter, if the combined group includes or owns an unincorporated business that would be subject to the tax imposed under § 47-1808.03, the income or loss of such unincorporated business shall be apportioned to the District using apportionment factors of the unincorporated business, and the combined group member's distributive share of such post-apportionment income shall be added to the combined group member's District taxable income, which shall be computed without regard to any income or loss or apportionment factors of an unincorporated business subject to this section. A combined group member's distributive share of an unincorporated business's pre-apportionment income or loss shall be exempt from the tax imposed under § 47-1808.03.

(b) The income of each member of the combined group shall be determined:

(1) For any member incorporated in the United States, or included in a consolidated federal corporate income tax return, the income to be included in the total income of the combined group shall be the taxable income for the corporation after making appropriate adjustments under this chapter.

(2) For any member not included in paragraph (1) of this subsection, the income to be included in the total income of the combined group shall be determined:

(A) A profit and loss statement shall be prepared for each foreign branch or corporation in the currency in which the books of account of the branch or corporation are regularly maintained.

(B) Adjustments shall be made to the profit and loss statement to conform it to the accounting principles generally accepted in the United States for the preparation of such statements, except as modified by regulation.

(C) Adjustments shall be made to the profit and loss statement to conform it to the tax accounting standards required by this chapter.

(D) Except as otherwise provided by regulation, the profit and loss statement of each member of the combined group, and the apportionment factors related thereto, whether United States or foreign, shall be translated into the currency in which the parent company maintains its books and records.

(E) Income apportioned to the District shall be expressed in United States dollars.

(3)(A) In lieu of the procedures set forth in paragraph (2) of this subsection, and subject to the determination of the Mayor that it reasonably approximates income as determined under this chapter, any member not subject to paragraph (1) of this subsection may determine its income on the basis of the consolidated profit and loss statement that includes the member and that is prepared for filing with the Securities and Exchange Commission by related corporations.

(B) If the member is not required to file with the Securities and Exchange Commission, the Mayor may allow the use of the consolidated profit and loss statement prepared for reporting to shareholders and subject to review by an independent auditor.

(C) If the statements described in subparagraphs (A) or (B) of this paragraph do not reasonably approximate income as determined under this chapter, the Mayor may accept those statements with appropriate adjustments to approximate that income.

(4) If a unitary business includes income from a partnership, the income to be included in the total income of the combined group shall be the member of the combined group's direct and indirect distributive share of the partnership's unitary business income.

(5)(A) All dividends paid by one to another of the members of the combined group shall, to the extent those dividends are paid out of the earnings and profits of the unitary business included in the combined report, in the current or an earlier year, be eliminated from the income of the recipient.

(B) Except as otherwise provided, this paragraph shall not apply to dividends received from members of the unitary business that are not a part of the combined group. Except when specifically required by the Mayor to be included, all dividends paid by an insurance company directly or indirectly to a corporation that is part of a unitary business with the insurance company shall be deducted or eliminated from the income of the recipient of the dividend.

(6)(A) Except as otherwise provided by regulation, business income from an inter-company transaction between members of the same combined group shall be deferred in a manner similar to 26 C. F. R. § 1.1502-13.

(B) Upon the occurrence of any of the following events, deferred business income resulting from an inter-company transaction between members of a combined group shall be restored to the income of the seller and shall be apportioned as business income earned immediately before the event:

(i) The object of a deferred inter-company transaction is:

(I) Resold by the buyer to an entity that is not a member of the combined group;

(II) Resold by the buyer to an entity that is a member of the combined group for use outside the unitary business in which the buyer and seller are engaged; or

(III) Converted by the buyer to a use outside the unitary business in which the buyer and seller are engaged; or

(ii) The buyer and seller are no longer members of the same combined group, regardless of whether the members remain unitary.

(7)(A) A charitable expense incurred by a member of a combined group shall, to the extent allowable as a deduction pursuant to section 170 of the Internal Revenue Code of 1986, be subtracted first from the business income of the combined group, subject to the income limitations of that section applied to the entire business income of the group and any remaining amount shall then be treated as a nonbusiness expense allocable to the member that incurred the expense, subject to the income limitations of that section applied to the nonbusiness income of that specific member.

(B) Any charitable deduction disallowed under subparagraph (A) of this paragraph, but allowed as a carryover deduction in a subsequent year, shall be treated as originally incurred in the subsequent year by the same member and as set forth in this section shall apply in the subsequent year in determining the allowable deduction in that year.

(8) Gain or loss from the sale or exchange of capital assets, property described by section 1231(a)(3) of the Internal Revenue Code of 1986, and property subject to an involuntary conversion shall be removed from the total separate net income of each member of a combined group and shall be

apportioned and allocated:

(A) For each class of gain or loss (short-term capital, long-term capital, section 1231 of the Internal Revenue Code of 1986, and involuntary conversions) all members' business gain and loss for the class shall be combined without netting between classes and each class of net business gain or loss separately apportioned to each member using the member's apportionment percentage determined under § 47-1810.04.

(B) Each taxpayer member shall then net its apportioned business gain or loss for all classes, including any such apportioned business gain and loss from other combined groups, against the taxpayer member's nonbusiness gain and loss for all classes allocated to the District, using the rules of sections 1222 and 1231 of the Internal Revenue Code of 1986, without regard to any of the taxpayer member's gains or losses from the sale or exchange of capital assets, section 1231 of the Internal Revenue Code of 1986 property, and involuntary conversions that are nonbusiness items allocated to another state.

(C) Any resulting District source income or loss, if the loss is not subject to the limitations of section 1211 of the Internal Revenue Code of 1986, of a taxpayer member produced by the application of the preceding subparagraphs shall then be applied to all other District source income or loss of that member.

(D) Any resulting District source loss of a member that is subject to the limitations of section 1211 of the Internal Revenue Code of 1986 shall be carried over by that member and shall be treated as District source short-term capital loss incurred by that member for the year for which the carryover applies.

(9) Any expense of one member of the unitary group that is directly or indirectly attributable to the nonbusiness or exempt income of another member of the unitary group shall be allocated to that other member as corresponding nonbusiness or exempt expense, as appropriate.

(Sept. 14, 2011, D.C. Law 19-21, § 8002(d), 58 DCR 6226.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 302(d) of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) addition of applicability provision, see § 303 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

##### *Legislative History of Laws*

For history of Law 19-21, see notes under § 47-305.02.

##### *Miscellaneous Notes*

Section 8004 of D.C. Law 19-21 provides:

"Sec. 8004. Applicability.

"This subtitle shall apply for taxable years beginning after December 31, 2010."

## **§ 47-1810.06. DESIGNATION OF SURETY.**

As a filing convenience, and without changing the respective liability of group members, members of a combined reporting group may annually elect to designate one taxpayer member of the combined group to file a single return, in the form and manner prescribed by the department, in lieu of filing their own respective returns; provided, that the taxpayer designated to file the single return consents to act as surety with respect to the tax liability of all other taxpayers properly included in the combined report and agrees to act as agent on behalf of those taxpayers for the year of the election for tax matters relating to the combined report for that year. If for any reason the surety is unwilling or unable to perform its responsibilities, tax liability may be assessed against the taxpayer members.

(Sept. 14, 2011, D.C. Law 19-21, § 8002(d), 58 DCR 6226.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 302(d) of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) addition of applicability provision, see § 303 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR



12478).

*Legislative History of Laws*

For history of Law 19-21, see notes under § 47-305.02.

*Miscellaneous Notes*

Section 8004 of D.C. Law 19-21 provides:

"Sec. 8004. Applicability.

"This subtitle shall apply for taxable years beginning after December 31, 2010."

**§ 47-1810.07. WATER'S-EDGE REPORTING; INITIATION AND WITHDRAWAL ELECTION.**

(a)(1) Absent an election under subsection (b) of this section to report based upon a worldwide unitary combined reporting basis, taxpayer members of a unitary group shall determine each of their apportioned shares of the net business income or loss of the combined group on a water's-edge unitary combined reporting basis.

(2) In determining tax under this chapter on a water's-edge unitary combined reporting basis, taxpayer members shall take into account all or a portion of the income and apportionment factors of only the following members otherwise included in the combined group pursuant to § 47-1805.02a:

(A) The entire income and apportionment factors of any member incorporated in the United States or formed under the laws of any state, the District, or any territory or possession of the United States;

(B) The entire income and apportionment factors of any member, regardless of the place incorporated or formed, if the average of its property, payroll, and sales factors within the United States is 20% or more;

(C) The entire income and apportionment factors of any member that is a domestic international sales corporation, as described in sections 991 through 994 of the Internal Revenue Code of 1986, inclusive, a foreign sales corporation, as described in sections 921 through 927 of the Internal Revenue Code of 1986, inclusive, or any member that is an export trade corporation, as described in sections 970 through 971 of the Internal Revenue Code of 1986, inclusive;

(D) Any member not described in subparagraphs (A), (B), or (C) of this paragraph shall include its business income that is effectively connected, or treated as effectively connected under the provisions of the Internal Revenue Code of 1986, with the conduct of a trade or business within the United States and, for that reason, subject to federal income tax;

(E) Any member that is a controlled foreign corporation, as defined in section 957 of the Internal Revenue Code of 1986, to the extent of the income of that member that is defined in section 952 of Subpart F of the Internal Revenue Code of 1986 not excluding lower-tier subsidiaries' distributions of such income that were previously taxed, determined without regard to federal treaties, and the apportionment factors related to that income; any item of income received by a controlled foreign corporation shall be excluded if such income was subject to an effective rate of income tax imposed by a foreign country greater than 90% of the maximum rate of tax specified in section 11 of the Internal Revenue Code of 1986;

(F) Any member that is a resident of a country that does not have a comprehensive income tax treaty with the United States and earns more than 20% of its income, directly or indirectly, from intangible property or service-related activities that are deductible against the business income of other members of the water's-edge group, to the extent of that income and the apportionment factors related thereto; and

(G)(i) The entire income and apportionment factors of any member that is doing business in a tax haven defined as being engaged in activity sufficient for that tax haven jurisdiction to impose a tax under United States constitutional standards.

(ii) If the member's business activity within a tax haven is entirely outside the scope of the laws, provisions, and practices that cause the jurisdiction to meet the criteria of a tax haven, as that term is defined in § 47-1801.04(49), the activity of the member shall be treated as not having been conducted in a tax haven.

(b) An election to report District tax based on worldwide unitary combined reporting is effective only if made on a timely filed original return for a tax year by every member of the unitary business subject to tax under this chapter.

(c) At the discretion of the Mayor:

(1) A worldwide unitary combined reporting election may be disregarded, in part or in whole, and the

income and apportionment factors of any member of the taxpayer's unitary group may be included in or excluded from the combined report without regard to the provisions of this section, if any member of the unitary group fails to comply with any provision of this chapter; and

(2) Worldwide unitary combined reporting may be mandated, in part or in whole, and the income and apportionment factors of any member of the taxpayer's unitary group may be included in or excluded from the combined report without regard to the provisions of this section, if any member of the unitary group fails to comply with any provision of this chapter, or if a person otherwise not included in the water's-edge combined group was availed of with a substantial objective of avoiding state income tax.

(d)(1) A worldwide unitary combined reporting election is binding for and applicable to the tax year it is made and all tax years thereafter for a period of 10 years. It may be withdrawn or reinstituted after withdrawal, prior to the expiration of the 10-year period, only upon written request for reasonable cause based on extraordinary hardship due to unforeseen changes in state tax statutes, law, or policy, and only with the written authorization of the Mayor.

(2) An election shall constitute consent to the reasonable production of documents and taking of depositions in accordance with District law.

(3) If the Mayor grants a withdrawal of election pursuant to paragraph (1) of this subsection, he or she shall impose reasonable conditions necessary to prevent the evasion of tax or to clearly reflect income for the election period prior to or after the withdrawal.

(4) Upon the expiration of the 10-year period, a taxpayer may withdraw from the worldwide unitary combined reporting election. Withdrawal must be made in writing within one year of the expiration of the election and is binding for a period of 10 years, subject to the same conditions as applied to the original election. If no withdrawal is properly made, the worldwide unitary combined reporting election shall be in place for an additional 10-year period, subject to the same conditions as applied to the original election.

(e) The Mayor shall develop rules governing the impact, if any, on the scope or application of a worldwide unitary combined reporting election, including termination or deemed election, resulting from a change in the composition of the unitary group, the combined group, the taxpayer members and any other similar change.

(Sept. 14, 2011, D.C. Law 19-21, § 8002(d), 58 DCR 6226.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 302(d) of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) addition of applicability provision, see § 303 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

##### *Legislative History of Laws*

For history of Law 19-21, see notes under § 47-305.02.

##### *Miscellaneous Notes*

Section 8004 of D.C. Law 19-21 provides:

"Sec. 8004. Applicability.

"This subtitle shall apply for taxable years beginning after December 31, 2010."

## **§ 47-1810.o8. ACCOUNTING RULES; FUTURE DEDUCTIONS.**

(a) If the enactment of combined reporting requirements for unitary businesses results in an increase to a combined group's net deferred tax liability, the combined group shall be entitled to a deduction to the extent determined under subsection (b) of this section. Only publicly traded companies, including affiliated corporations participating in the filing of a publicly traded company's financial statements prepared in accordance with either generally accepted accounting principles or international financial reporting standards, as of [September 14, 2011], shall be eligible for this deduction. To the extent the deduction would produce a net operating loss in any tax year, the unused deduction may be carried forward to each succeeding tax year indefinitely by the combined group and deducted without regard to any limitation.

(b) For the 7-year period beginning with the 5th year of the combined filing, a combined group shall be entitled to a deduction equal to  $\frac{1}{7}$  th of the net increase in the taxable temporary differences that caused the increase in the net deferred tax liability, as computed at the time of enactment in accordance with either generally accepted accounting principles or international financial reporting standards, that would result from the imposition of the combined reporting requirements but for the deduction provided under this

section. The amount of the deduction shall in no case exceed the amount necessary to offset any increase in net deferred tax liability, as computed in accordance with either generally accepted accounting principles or international financial reporting standards, that would result from the imposition of all of the provisions of this chapter but for the deduction provided under this section.

(c) For the purposes of this section, the term "net deferred tax liability" shall mean the net increase, if any, in deferred tax liabilities minus the net increase, if any, in deferred tax assets of the combined group, as computed in accordance with either generally accepted accounting principles or international financial reporting standards.

(Sept. 14, 2011, D.C. Law 19-21, § 8002(d), 58 DCR 6226; Sept. 26, 2012, D.C. Law 19-171, § 114(i), 59 DCR 6190.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 19-171, in subsec. (b), substituted "this chapter" for "this act".

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 302(d) of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) addition of applicability provision, see § 303 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

##### *Legislative History of Laws*

For history of Law 19-21, see notes under § 47-305.02.

For history of Law 19-171, see notes under § 47-369.01.

##### *Miscellaneous Notes*

Section 8004 of D.C. Law 19-21 provides:

"Sec. 8004. Applicability.

"This subtitle shall apply for taxable years beginning after December 31, 2010."

## **SUBCHAPTER XI. BASES.**

### **§ 47-1811.01. DISPOSITION OF PROPERTY--BASIS FOR DETERMINATION OF GAIN OR LOSS.**

The basis for determining the gain or loss from the sale or other disposition of property shall be the same basis as that provided for determining gain or loss under the Internal Revenue Code of 1986.

(July 16, 1947, 61 Stat. 350, ch. 258, art. I, title XI, § 1; Oct. 31, 1969, 83 Stat. 177, Pub. L. 91-106, title VI, § 601(c)(1); June 24, 1987, D.C. Law 7-9, § 2(k), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(k)(1), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1811.1.

1973 Ed., § 47-1583.

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

### **§ 47-1811.02. DISPOSITION OF PROPERTY--DETERMINATION OF GAIN OR LOSS.**

The gain or loss, as the case may be, from the sale or other disposition of property, including the amount realized and the amount recognized, shall be determined in the same manner provided for the determination of gain or loss for federal income tax purposes under the Internal Revenue Code of 1986.

(July 16, 1947, 61 Stat. 350, ch. 258, art. I, title XI, § 2; Oct. 31, 1969, 83 Stat. 177, Pub. L. 91-106, title VI, §

601(c)(2)(A), (B); June 24, 1987, D.C. Law 7-9, § 2(l), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(k)(2), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1811.2.

1973 Ed., § 47-1583a.

##### *Legislative History of Laws*

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

### **§ 47-1811.03. BASES--PROPERTY DIVIDENDS.**

Where any property other than money is paid by a corporation as a dividend, the base to the recipient thereof shall be the market value of such property at the time of its distribution by such corporation.

(July 16, 1947, 61 Stat. 351, ch. 258, art. I, title XI, § 4; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1811.3.

1973 Ed., § 47-1583c.

### **§ 47-1811.04. BASES--DETERMINATION OF DEPRECIATION DEDUCTION.**

The basis used in determining the amount allowable as a deduction from gross income under the provisions of § 47-1803.03(a)(7) and (b-3) shall be the same basis as that provided for determining the gain from the sale or other disposition of property for federal income tax purposes under the Internal Revenue Code of 1986; provided, that no adjustment shall be made for:

(1) The amount of the special depreciation allowance under section 168(k) of the Internal Revenue Code of 1986; and

(2) The amount of the cost of property elected to be treated as chargeable to capital account under section 179 of the Internal Revenue Code of 1986 in excess of the lesser of \$25,000 (\$40,000 in the case of a Qualified High Technology Company) or the actual cost of such property.

(July 16, 1947, 61 Stat. 351, ch. 258, art. I, title XI, § 6; Oct. 31, 1969, 83 Stat. 177, Pub. L. 91-106, title VI, § 601(c)(4); June 24, 1987, D.C. Law 7-9, § 2(m), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(k)(3), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 1, 2002, D.C. Law 14-190, § 832(b), 49 DCR 6968; Aug. 16, 2008, D.C. Law 17-219, § 7107(b), 55 DCR 7598.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1811.4.

1973 Ed., § 47-1583e.

##### *Effect of Amendments*

D.C. Law 14-190 rewrote the section which had read as follows:

"The basis used in determining the amount allowable as a deduction from gross income under the provisions of § 47-1803.03(a)(7) shall be the same basis as that provided for determining the gain from the sale or other disposition of property for federal income tax purposes under the Internal Revenue Code of 1986."

D.C. Law 17-219 rewrote the section, which had read as follows:

"The basis used in determining the amount allowable as a deduction from gross income under the provisions of § 47-1803.03(a)(7) shall be the same basis as that provided for determining the gain from the sale or other disposition of property for federal income tax purposes under the Internal Revenue Code of 1986; provided, that no adjustment shall be made for the amount of the special depreciation allowance for property acquired after September 10, 2001 and before September 11, 2004 and subject to special rules pursuant to section 168(k) of the Internal Revenue Code of 1986."

#### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 2(b) of Bonus Depreciation De-Coupling From the Internal Revenue Code Temporary Act of 2002 (D.C. Law 14- 175, July 23, 2002, law notification 49 DCR 8269).

For temporary (225 day) amendment of section, see § 2(b) of Depreciation Allowance for Small Business De-Coupling From the Internal Revenue Code Temporary Act of 2004 (D.C. Law 15-160, May 18, 2004, law notification 51 DCR 5700).

Section 2(b) of D.C. Law 15-322 amended the section to read as follows:

"The basis used in determining the amount allowable as a deduction from gross income under the provisions of § 47-1803.03(a)(7) shall be the same basis as that provided for determining the gain from the sale or other disposition of property for federal income tax purposes under the Internal Revenue Code of 1986; provided, that no adjustment shall be made for the amount of the special depreciation allowance for property acquired after September 10, 2001 and before September 30, 2005 and subject to special rules pursuant to section 168(k) of the Internal Revenue Code of 1986. No deduction shall be allowed for the increased expensing for small businesses and subject to the special rules pursuant to section 179 of the Internal Revenue Code of 1986. No expensing of computer software shall be allowed. No increase shall be allowed in Qualifying investments at which phaseout begins."

Section 4(b) of D.C. Law 15-322 provides that the act shall expire after 225 days of its having taken effect.

#### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2(b) of Bonus Depreciation De-coupling from the Internal Revenue Code Emergency Act of 2002 (D.C. Act 14- 341, April 24, 2002, 49 DCR 4291).

For temporary (90 day) amendment of section, see § 2(b) of Depreciation Allowance for Small Business De-Coupling from the Internal Revenue Code Emergency Amendment Act of 2004 (D.C. Act 15-379, February 27, 2004, 51 DCR 2645).

For temporary (90 day) amendment of section, see § 2(b) of Depreciation Allowance for Small Business De-Coupling from the Internal Revenue Code Second Emergency Act of 2004 (D.C. Act 15-644, December 29, 2004, 52 DCR 229).

For temporary (90 day) amendment of section, see § 2(b) of Depreciation Allowance for Small Business De-Coupling for the Internal Revenue Code Congressional Review Emergency Amendment Act of 2005 (D.C. Act 16-59, March 17, 2005, 52 DCR 3193).

For temporary (90 day) amendment of section, see § 2(b) of Depreciation Allowance for Small Business De-Coupling from the Internal Revenue Code Emergency Act of 2005 (D.C. Act 16-240, December 22, 2005, 53 DCR 260).

For temporary (90 day) amendment of section, see § 2(b) of Depreciation Allowance for Small Business De-Coupling from the Internal Revenue Code Emergency Act of 2005 (D.C. Act 16-240, December 22, 2005, 53 DCR 260).

#### *Legislative History of Laws*

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 14-190, see notes following § 47-308.01.

For Law 15-322, see notes following § 47-1803.03.

For Law 17-219, see notes following § 47-318.05a.

#### *References in Text*

Section 168(k) of the Internal Revenue Code of 1986, referred to in the section is codified as 26 U.S.C. § 168(k).

#### *Miscellaneous Notes*

Section 7108 of D.C. Law 17-219 provides that this subtitle shall apply for taxable years beginning after December 31, 2007.

## **SUBCHAPTER XII. ASSESSMENT AND COLLECTION; TIME OF PAYMENT.**

### **§ 47-1812.01. GENERAL DUTIES OF MAYOR.**

The Mayor is hereby required to administer the provisions of this chapter. As soon as practicable after the return is filed, the Mayor shall examine it and shall determine the correct amount of tax.

(July 16, 1947, 61 Stat. 352, ch. 258, art. I, title XII, § 1; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.1.

1973 Ed., § 47-1586.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

### **§ 47-1812.02. RECORDS AND STATEMENTS.**

Every person upon whom the duty is imposed by this chapter to file any applications, returns, or reports or who is liable for any tax imposed by this chapter shall keep such records, render under oath such statements, and comply with such rules and regulations as the Mayor from time to time may prescribe. Whenever the Mayor deems it necessary, he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as he believes sufficient to show whether or not such person is liable to tax under this chapter and the extent of such liability.

(July 16, 1947, 61 Stat. 352, ch. 258, art. I, title XII, § 2; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.2.

1973 Ed., § 47-1586a.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

### **§ 47-1812.03. EXAMINATION OF BOOKS AND WITNESSES; FAILURE TO OBEY SUMMONS OR PERMIT EXAMINATION; PROSECUTIONS.[REPEALED]**

(July 16, 1947, 61 Stat. 352, ch. 258, art. I, title XII, § 3; June 25, 1948, 62 Stat. 991, ch. 646, § 32(a), (b); May 24, 1949, 63 Stat. 107, ch. 139, § 127; July 8, 1963, 77 Stat. 77, Pub. L. 88-60, § 1; July 29, 1970, 84 Stat. 570, 573, Pub. L. 91-358, title I, § 155(a), (c)(51); Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(w), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.3.

1973 Ed., § 47-1586b.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

##### *Miscellaneous Notes*

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (j), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh) through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

### **§ 47-1812.04. DUTY OF MAYOR TO MAKE RETURN.**

If any person fails to make and file a return at the time prescribed by law or by regulations made under authority of law, or makes, willfully or otherwise, a false or fraudulent return, the Mayor shall make the return

from his own knowledge and from such information as he can obtain through testimony or otherwise. Any return so made and subscribed by the Mayor shall be prima facie good and sufficient for all legal purposes.

(July 16, 1947, 61 Stat. 352, ch. 258, art. I, title XII, § 4; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.4.

1973 Ed., § 47-1586c.

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

### **§ 47-1812.05. DETERMINATION OF DEFICIENCY; PROTEST BY TAXPAYER; HEARING; DETERMINATION OF TAXABLE INCOME; EFFECT THEREOF.**

Assessments of any deficiencies in the tax due under this chapter, or any interest and penalties thereon, shall be governed by § 47-4312. The Mayor may determine the gross income, adjusted gross income, and any itemized deductions necessary to arrive at the taxpayer's proper taxable income. Any assessment made or proposed on the basis of such determinations shall be deemed prima facie correct. Any assessment, compromise, closing agreement, settlement, adjustment, ruling, or other determination of the individual's, estate's, or trust's income or status for federal income tax purposes made or proposed by the Internal Revenue Service, or other competent federal authority, shall not be binding or deemed controlling on the Mayor, the courts, or such taxpayers in determining their taxable income for District income and franchise tax purposes.

(July 16, 1947, 61 Stat. 352, ch. 258, art. I, title XII, § 5; June 11, 1960, 74 Stat. 203, Pub. L. 86-507, § 1(54); Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; June 11, 1982, D.C. Law 4-118, § 115, 29 DCR 1770; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Dec. 7, 2004, D.C. Law 15-217, § 4(b), 51 DCR 9126.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.5.

1973 Ed., § 47-1586d.

##### *Effect of Amendments*

D.C. Law 15-217 deleted the first two sentences and inserted "Assessments of any deficiencies in the tax due under this chapter, or any interest and penalties thereon, shall be governed by § 47-4312". in their place. Prior to amendment, the first two sentences had read as follows: "If a deficiency in tax is determined by the Mayor, the taxpayer shall be notified thereof and given a period of not less than 30 days, after such notice is sent by registered mail or by certified mail, in which to file a protest and show cause or reason why the deficiency should not be paid. Opportunity for hearing shall be granted by the Mayor, and a final decision thereon shall be made as quickly as practicable."

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 3(b) of Office of Administrative Hearings Establishment Emergency Amendment Act of 2004 (D.C. Act 15-513, August 2, 2004, 51 DCR 8976).

For temporary (90 day) amendment of section, see § 3(b) of Office of Administrative Hearings Establishment Congressional Review Emergency Amendment Act of 2004 (D.C. Act 15-553, October 26, 2004, 51 DCR 10359).

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For Law 15-217, see notes following § 47-1528.

##### *Miscellaneous Notes*

Notice of deficiency is different from an assessment: This section obviously contemplates that an assessment is to be made after the notice of deficiency has been issued, after the taxpayer has filed a protest, and after any hearing has been held.

## **§ 47-1812.06. JEOPARDY ASSESSMENT.[REPEALED]**

(July 16, 1947, 61 Stat. 353, ch. 258, art. I, title XII, § 6; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2,44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(x)(2), 48 DCR 334.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1812.6.

1973 Ed., § 47-1586e.

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

#### *Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x)through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

## **§ 47-1812.07. PAYMENT OF TAX.**

(a)(1) *Time of payment.* -- Except as provided in paragraph (2) of this subsection, the total amount of tax due as shown on the taxpayer's return is due and payable in full at the time prescribed in this subchapter for the filing of such return.

(2) *Individual income taxes.* -- Any amount of individual income tax due, in excess of that withheld or remitted by way of a declaration of estimated tax, is due and payable in full at the time prescribed in this chapter for filing an income tax return.

(3) *Deficiencies.* -- Any deficiency in any tax imposed by this chapter, determined by the Mayor under the provisions of § 47-1812.05 shall be due and payable within 10 days from the date of the assessment.

(4) *Employers.* -- Every employer required to deduct and withhold tax under this chapter shall make a return of, and pay to the District, the tax required to be withheld under this chapter for such periods and at such times as the Mayor may prescribe.

(5) *Jeopardy payments.* -- If the Mayor, in any case, has reason to believe that the collection of the tax provided for in paragraph (4) of this subsection is in jeopardy, he may require the employer to make such a return and pay such tax at any time.

(6) *Estimated tax.* -- The estimated tax provided for in this chapter shall be paid as follows:

(A) If the declaration is filed on or before April 15th of the taxable year, the estimated tax shall be paid in 4 equal installments. The first installment shall be paid at the time of the filing of the declaration; the 2nd and 3rd on June 15th and September 15th, respectively, of the taxable year; and the 4th on January 15th of the succeeding taxable year;

(B) If the declaration is filed after April 15th and not after June 15th of the taxable year and is not required by this chapter to be filed on or before April 15th of the taxable year, the estimated tax shall be paid in 3 equal installments. The first installment shall be paid at the time of the filing of the declaration; the 2nd on September 15th of the taxable year; and the 3rd on January 15th of the succeeding taxable year;

(C) If the declaration is filed after June 15th and not after September 15th of the taxable year and is not required by this chapter to be filed on or before June 15th of the taxable year, the estimated tax shall be paid in 2 equal installments. The first installment shall be paid at the time of the filing of the declaration, and the 2nd on January 15th of the succeeding taxable year;

(D) If the declaration is filed after September 15th of the taxable year, and is not required by this chapter to be filed on or before September 15th of the taxable year, the estimated tax shall be paid in full at the time of the filing of the declaration; and

(E) If the declaration is filed after the time prescribed in this chapter, including cases where extensions of time have been granted, subparagraphs (B), (C), and (D) of this paragraph shall not apply, and there shall be paid at the time of such filing all installments of estimated tax which would have been payable on or before such time if the declaration had been filed within the time prescribed in this chapter, and the remaining installments shall be paid at the times at which, and in



the amounts in which, they would have been payable if the declaration had been so filed.

(7) *Amendment of declaration.* -- If any amendment of a declaration is filed, the remaining installments, if any, shall be ratably increased or decreased, as the case may be, to reflect the respective increase or decrease in the estimated tax by reason of such amendment, and if any amendment is made after September 15th of the taxable year any increase in the estimated tax by reason thereof shall be paid at the time of making such amendment.

(8) *Application to fiscal year basis.* -- In the application of paragraphs (4), (5), (6) and (7) of this subsection to taxpayers reporting income on a fiscal year basis, there shall be substituted for the dates specified therein, the months corresponding thereto.

(b) *Extension of time.* -- At the request of the taxpayer the Mayor may extend the time for payment by the taxpayer of the amount determined as the tax for a period not to exceed 6 months from the date prescribed for the payment of the tax or an installment thereof; provided, however, that where the time for filing a return is extended for a period exceeding 6 months under the provisions of § 47-1805.03(b), the Mayor may extend the time for payment of the tax, or the first installment thereof, to the same date to which he has extended the time for filing the return. In such case the amount in respect to which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

(c) *Voluntary advance payment.* -- A tax imposed by this chapter, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

(July 16, 1947, 61 Stat. 353, ch. 258, art. I, title XII, § 7; Mar. 31, 1956, 70 Stat. 71, ch. 154, § 10; Mar. 2, 1962, 76 Stat. 10, Pub. L. 87-408, § 201; Aug. 2, 1968, 82 Stat. 612, Pub. L. 90-450, title II, § 203(a); Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-92, § 502(a), 27 DCR 3390; July 24, 1982, D.C. Law 4-131, § 104, 29 DCR 2418; Apr. 9, 1997, D.C. Law 11-198, § 103(a), 43 DCR 4569; Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 9, 1997, D.C. Law 11-255, § 59, 44 DCR 1271.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.7.

1973 Ed., § 47-1586f.

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see 2(c) of Fiscal Year 1997 Budget Support Temporary Amendment Act of 1997 (D.C. Law 12-4, May 23, 1997, law notification 44 DCR 3718).

##### *Emergency Act Amendments*

For temporary amendment of section, see § 105(a) of the Fiscal Year 1997 Budget Support Emergency Act of 1996 (D.C. Act 11-302, July 25, 1996, 43 DCR 4181).

For temporary repeal of § 103(a) of D.C. Act 11-360, see § 2(c) of the Fiscal Year 1997 Budget Support Emergency Amendment Act of 1997 (D.C. Act 12-37, March 18, 1997, 44 DCR 1935).

##### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

Law 11-198, the "Fiscal Year 1997 Budget Support Act of 1996," was introduced in Council and assigned Bill No. 11-741, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 19, 1996, and July 3, 1996, respectively. Signed by the Mayor on July 26, 1996, it was assigned Act No. 11-360 and transmitted to both Houses of Congress for its review. D.C. Law 11-198 became effective April 9, 1997.

Law 11-255, the "Second Technical Amendments Act of 1996," was introduced in Council and assigned Bill No. 11-905, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 7, 1996, and December 3, 1996, respectively. Signed by the Mayor on December 24, 1996, it was assigned Act No. 11-519 and transmitted to both Houses of Congress for its review. D.C. Law 11-255 became effective April 9, 1997.

## **§ 47-1812.08. WITHHOLDING OF TAX.**

(a) *Income of foreign corporations or unincorporated business.* -- Whenever the Council of the District of Columbia shall deem it necessary in order to satisfy the District's claim for a tax payable by any foreign corporation or unincorporated business, it may, by rules and regulations, require any person subject to the jurisdiction of the District to withhold and pay to the Mayor an amount not in excess of 5% of all income

payable by such person to such foreign corporation or unincorporated business. After such foreign corporation or unincorporated business shall have filed all returns required under this subchapter, and the same shall have been audited, the Mayor shall refund any overpayment to the taxpayer.

*(b) Wages; method of determination. --*

(1) Every employer making payment of wages on or after October 1, 1956, to any employee as defined in this chapter, shall deduct and withhold a tax upon such wages, such tax to be determined by one of the following methods, to be elected by the employer, subject to the approval of the Mayor, with respect to any employee:

(A) In accordance with a percentage method of withholding similar in principle to that under § 3402 of the Internal Revenue Code of 1986 (§ 3402 of Title 26, United States Code), to be included in regulations;

(B) In accordance with tables similar in principle to those contained in § 3402 of the Internal Revenue Code of 1986, to be included in regulations;

(C) Repealed; or

(D) By such other method as may be prescribed in regulations.

(2)(A) If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(B) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1st of such year, whichever is the later.

(C) In determining the amount to be deducted and withheld under this section, the wages may, at the election of the employer, be computed to the nearest dollar.

(D) The Council of the District of Columbia may, by regulations, authorize employers:

(i) To estimate the wages which will be paid to any employee in any quarter of the calendar year;

(ii) To determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(iii) To deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon the wages of such employee during such quarter to the amount that would be required to be deducted and withheld during such quarter if the payroll period of the employee were quarterly.

(E) The Council of the District of Columbia is authorized to provide by regulation, under such conditions and to such extent as it deems proper, for withholding in addition to that otherwise required under this section in cases in which the employer and the employee agree to such additional withholding. Such additional withholding shall for all purposes be considered the tax required to be deducted and withheld under this section.

*(c) Overlapping pay periods; multiple employers. --*

(1) If payment of wages is made to an employee by an employer:

(A) With respect to a payroll period or other period, any part of which is included in a payroll period or other period with respect to which wages are also paid to such employee by such employer;

(B) Without regard to any payroll period or other period, but on or prior to the expiration of a payroll period or other period with respect to which wages are also paid to such employee by such employer;

(C) With respect to a period beginning in 1 and ending in another calendar year; or

(D) Through an agent, fiduciary, or other person who also has the control, receipt, custody, or disposal of, or pays the wages payable by another employer to such employee.

(2) The manner of withholding and the amount to be deducted and withheld under this section shall be determined in accordance with regulations promulgated by the Council of the District of Columbia under which the withholding exemption allowed to the employee in any calendar year shall approximate the withholding exemption allowable with respect to an annual payroll period.

*(d) Included and excluded wages. --* If the remuneration paid by an employer to an employee for services performed during one-half or more of any payroll period of not more than 31 consecutive days constitutes

wages, all the remuneration paid by such employer to such employee for such period shall be deemed to be wages; but if the remuneration paid by an employer to an employee for services performed during more than one-half of any such payroll period does not constitute wages, then none of the remuneration paid by such employer to such employee for such period shall be deemed to be wages.

(e) *Exemptions.* --

(1) An employee receiving wages shall on any day be entitled to the withholding exemptions allowed under this chapter, unless the Mayor determines that an alternative withholding method is warranted under paragraphs (9) or (11) of this subsection.

(2) Every employee shall, on or before October 1, 1956, or before the date of commencement of employment, whichever is later, furnish his employer with a signed withholding exemption certificate relating to the withholding exemptions which he claims, which in no event shall exceed the number to which he is entitled.

(3) Withholding exemption certificates shall take effect as of the beginning of the first payroll period ending, or the first payment of wages made without regard to a payroll period, on or after the date on which such certificate is so furnished; provided, that certificates furnished before October 1, 1956, shall be considered as furnished on that date.

(4) A withholding exemption certificate which takes effect under this section shall continue in effect with respect to the employer until another such certificate takes effect under this section. If a withholding exemption certificate is furnished to take the place of an existing certificate, the employer, at his option, may continue the old certificate in force with respect to all wages paid on or before the first status determination date, January 1st or July 1st of each year, which occurs at least 30 days after the date on which such new certificate is furnished.

(5) If, on any day during the calendar year, the withholding exemptions to which the employee may reasonably be expected to be entitled at the beginning of his next taxable year is different from the exemptions to which the employee is entitled on such day, the employee shall in such cases and at such times as the Mayor may prescribe, furnish the employer with a withholding exemption certificate relating to the exemptions which he claims with respect to such next taxable year, which shall in no event exceed the exemptions to which he may reasonably be expected to be so entitled. Exemption certificates issued pursuant to this subsection shall not take effect with respect to any payment of wages made in the calendar year in which the certificate is furnished.

(6) If, on any day during the calendar year, the withholding exemptions to which the employee is entitled is less than the withholding exemptions claimed by the employee on the withholding exemption certificate then in effect with respect to him, the employee shall, within 10 days thereafter, furnish the employer with a new withholding exemption certificate relating to the withholding exemptions which the employee then claims, which shall in no event exceed the exemptions to which he is entitled on such day. If, on any day during the calendar year, the withholding exemptions to which the employee is entitled is greater than the withholding exemptions claimed, the employee may furnish the employer with a new withholding exemption certificate relating to the withholding exemptions which the employee then claims, which shall in no event exceed the exemptions to which he is entitled on such day.

(7) Withholding exemption certificates shall be in such form and contain such information as the Council of the District of Columbia may by regulations prescribe.

(8) For periods beginning after December 31, 2011, an employee shall be entitled to additional withholding exemptions under this subsection with respect to payment of wages equal to a number determined by dividing by \$1,370 his or her estimated itemized deductions.

(9) An employer shall base withholding for the employee on zero withholding exemptions if the Mayor notifies an employer that:

- (A) An employee has an unpaid tax liability;
- (B) An employee failed to file a required District of Columbia income tax return; or
- (C) An employee is subject to a tax refund interception request.

(10) If the conditions of paragraphs (9)(A), (B), and (C) of this subsection no longer apply, the employer may apply to the Mayor to authorize an increase in the number of withholding exemptions. Upon approval, the Mayor may authorize an increase in the number of withholding exemptions to the level at which they would not have resulted in an underpayment of taxpayer's most recent income tax return.

(11)(A) An exemption certificate shall be invalid if it:

- (i) Does not contain the information required; or
- (ii) Contains false or fraudulent information.

(B) An exemption certificate shall be valid if it states:

- (i) A number of exemptions if it is less than the number of exemptions to which the individual is entitled under this chapter; or

(ii) A number of additional exemptions less than or equal to the fraction rounded down to the nearest whole number:

(I) The numerator of which equals the excess of the total of estimated itemized deductions, alimony payments, allowable child care expenses, qualified retirement contributions, business losses, and employer business expenses over the standard deduction allowance; and

(II) The denominator of which equals the amount allowed for each exemption under this chapter for the applicable tax year.

(f)(1) Any sum or sums withheld in accordance with the provisions of this section shall be deemed to be, and shall be, held in trust by the employer for the District of Columbia.

(2) The District of Columbia shall have a lien upon all the property of any employer who fails to withhold or pay over to the Mayor sums required to be withheld under this section. If the employer withholds but fails to pay over the amounts withheld to the Mayor the lien shall accrue on the date the amounts were withheld. If the employer fails to withhold, the lien shall accrue on the date the amounts were required to be withheld. The liens referred to in this paragraph shall constitute a preferred claim, having priority over all other liens or security interests of whatever kind and however created. If property of an employer is seized under distraint provisions, neither the United States Marshal, nor a receiver, assignee or any other officer shall sell the property without first determining from the Mayor the amounts due and payable by said employer, and if there be any amounts due, owing or unpaid, it shall be the duty of such officer to first pay to the Mayor the said amounts out of the proceeds of such sale before making any payment to any judgment creditor or other claimants of whatsoever kind or nature.

(g) *Statement to be furnished employee.* --

(1)(A) Every person required to deduct and withhold from an employee a tax under this section, or who would have been required to deduct and withhold a tax under this section if the employee had claimed no more than 1 withholding exemption, shall furnish to each such employee in respect to the wages paid by such person to such employee during the calendar year, on or before January 31st of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of wages is made, a written statement showing the following:

(i) The name and address of such person;

(ii) The name and address of the employee and his social security account number;

(iii) The total amount of wages as defined in this chapter; and

(iv) The total amount deducted and withheld as tax under this section.

(B) The statement required to be furnished by this subsection in respect of any wages shall be furnished at such other times, shall contain such other information, and shall be in such form, as the Council of the District of Columbia may by regulation prescribe. A duplicate of such statement if made and filed in accordance with regulations prescribed by the Council of the District of Columbia shall constitute the return required to be made in respect to such wages.

(2) The Council of the District of Columbia may promulgate regulations providing for reasonable extensions of time, not in excess of 30 days, to employers required to furnish statements under this subsection.

(h) *Liability for tax withheld.* -- An employer shall be liable for the payment of tax required to be deducted and withheld under this section. Such tax shall be paid to the Mayor and shall not be paid to any other person.

(i) *Declaration and payment of estimated tax.* --

(1) Every person residing or domiciled in the District at the times prescribed in paragraph (4) of this subsection shall, at these times, make declaration of his or her estimated tax for the taxable year if the person can reasonably be expected to receive gross income not subject to the withholding provisions of this section that will result in a tax liability of more than \$100. This requirement shall not apply to any elective officer of the government of the United States, or any employee on the staff of an elected officer in the legislative branch of the government of the United States if the employee is a bona fide resident of the state of residence of the elected officer, or any officer of the executive branch of the government whose appointment to the office held by him or her was by the President of the United States, and subject to confirmation by the Senate of the United States, and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States unless the officers or Justices are domiciled within the District at any time during the taxable year.

(2) In the declaration required under paragraph (1) of this subsection, the individual shall state:

(A) The amount which he estimates as the amount of income tax due under this chapter for the taxable year;

(B) The amount which he estimates as the credit for tax withheld for the taxable year under this

chapter;

(C) The excess of the amount estimated under subparagraph (A) of this paragraph over the amount estimated under subparagraph (B) of this paragraph, which excess for purposes of this section shall be considered the estimated tax for the taxable year; and

(D) Such other information as may be prescribed in regulations promulgated by the Council of the District of Columbia.

(3) In the case of married individuals (or domestic partner who filed under § 47-1805.01(f)), a single declaration under this section may be made by them jointly, in which case the liability with respect to the estimated tax shall be joint and several. No joint declaration may be made if the married individuals are separated under a decree of divorce or of separate maintenance (or domestic partner who filed under § 47-1805.01(f) has terminated the domestic partnership in accordance with § 32-702(d)), or if they have different taxable years. If a joint declaration is made but a joint return is not made for the taxable year, the estimated tax for such year may be treated as the estimated tax of either spouse (or domestic partner who filed under § 47-1805.01(f)), or may be divided between them.

(4) The declaration required under paragraph (1) of this subsection shall be filed with the Mayor on or before April 15th of the taxable year, except that if the requirements of paragraph (1) of this subsection are first met:

(A) after April 1st and before June 2nd of the taxable year, the declaration shall be filed on or before June 15th of the taxable year;

(B) after June 1st and before September 2nd of the taxable year, the declaration shall be filed on or before September 15th of the taxable year; or

(C) after September 1st of the taxable year, the declaration shall be filed on or before January 15th of the succeeding taxable year; provided, that the declaration required to be filed during 1956 may be filed not later than October 15, 1956, if the requirements of paragraph (1) of this subsection are fulfilled at any time prior to October 1, 1956.

(5) An individual may make amendments of a declaration filed during the taxable year under this subsection, under regulations prescribed by the Council of the District of Columbia.

(6) If on or before January 15th of the succeeding taxable year the taxpayer files a return for the taxable year for which the declaration is required and pays in full the amount computed on the return as payable, then under regulations prescribed by the Council of the District of Columbia:

(A) If the declaration is not required to be filed during the taxable year, but is required to be filed on or before such January 15th, such return shall, for the purposes of this section, be considered as such declaration; and

(B) If the tax shown on the return, reduced by the credits under this chapter, is greater than the estimated tax shown in a declaration previously made or, in the last amendment thereof, such return shall, for the purposes of this section, be considered as the amendment of the declaration permitted by this subsection to be filed on or before such January 15th.

(7) The Council of the District of Columbia may promulgate regulations governing reasonable extensions of time for filing declarations and paying the estimated tax. Except in the case of taxpayers who are abroad, no such extensions shall be for more than 6 months.

(8) If the taxpayer is unable to make his own declaration, the declaration shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

(9) The provisions of § 47-1805.04 shall apply to a declaration of estimated tax.

(10) Payment of the estimated tax, or any installment thereof, shall be considered payment on account of the tax for the taxable year.

(j) *Liability for 1956 tax.* -- One-half of the liability for the income tax imposed by this chapter for the calendar year 1956, or the fiscal year of a taxpayer beginning during such calendar year, upon any resident of the District (other than fiduciaries) shall be discharged. The remainder of the total amount of the income tax due as shown on the taxpayer's return shall be paid to the Collector on the 15th of April, 1957, or if the return be made on the basis of a fiscal year the remainder of the total amount of such tax shall be paid on the 15th day of the 4th month following the close of the fiscal year.

(k) *Rate of interest.* -- Notwithstanding any other provisions of this chapter, interest shall be assessed on deficiencies and late payments of income tax withheld or required to be withheld at source by an employer as provided for in this section at the rate of one and one half percent per month or fraction thereof from the date prescribed for payment of the tax until paid.

(l) *Withholding from lottery winnings.* --

(1) For the purposes of this subsection, the term:

(A) "Constructive receipt" or "constructively received" means that payments of lottery winnings,

although not actually within a taxpayer's possession, are deemed to be received by the payee and subject to District tax in the taxable year during which the lottery winner is determined by Powerball or other lottery drawing.

(B) "Lottery winnings" means winnings which are subject to withholding as defined in section 3402(q) of the Internal Revenue Code of 1986, whether as a lump sum or annuitized payment.

(C) "Payment" means the payment of lottery winnings.

(D) "Payor" means a person responsible to make a payment subject to withholding under section 3402(q) of the Internal Revenue Code of 1986.

(2) In making payments, whether actually or constructively received by the payee, of lottery winnings taxable under § 47-1803.02, 47-1807.02, or 47-1808.02, the District of Columbia Lottery and Charitable Games Control Board, or any payor, shall deduct and withhold from such payments an amount equal to the tax on such payments computed at the highest rate of tax under § 47-1806.03, 47-1807.02, or 47-1808.03, as applicable, in accordance with procedures to be established by the Chief Financial Officer.

(3) Except as provided in paragraph (4) of this subsection, the withholding required by this section shall apply to any of the following payments:

(A) A lump sum payment in the year the payment is made; or

(B) A payment of an annuitized amount in the year the payment is made by any payor to a payee.

(4) The withholding required by this subsection shall not apply to a payment to a nonresident, corporation, partnership, or limited liability company if the individual, shareholder, partner, or member of such entities provides the payor with a statement and documentary evidence, subject to review and approval by the Chief Financial Officer, that the income earned is not subject to District tax.

(m)(1) Except as provided in paragraph (2) of this subsection, if a resident payee receives a payment from a retirement plan or retirement account that is a lump-sum distribution, District income tax shall be withheld on the lump-sum distribution by the payor at the highest District individual income tax rate that is in effect at the time of the distribution.

(2) Paragraph (1) of this subsection shall not apply to:

(A) Any portion of a lump-sum payment that was previously subject to tax;

(B) An eligible rollover distribution that is effected as a direct trustee-to-trustee transfer; or

(C) A rollover from an individual retirement account to a traditional or Roth individual retirement account that is effected as a direct trustee-to-trustee transfer.

(3) For the purposes of this subsection, the term:

(A) "Lump-sum distribution" means a payment from a payor to a resident payee of the resident payee's entire account balance, exclusive of any other tax withholding and any administrative charges and fees.

(B) "Retirement account" or "retirement plan" means:

(i) A qualified employee plan;

(ii) A qualified employee annuity plan;

(iii) A defined contribution plan;

(iv) A defined benefit plan;

(v) A tax-sheltered annuity plan;

(vi) An individual retirement account;

(vii) Any combination of the plans and account listed in sub-subparagraphs (i) through (vi) of this subparagraph; or

(viii) Any similarly situated account or plan as defined by the Internal Revenue Code of 1986.

(4) This subsection shall apply within 5 days of the effective date of the Targeted Retirement Distribution Withholding Emergency Act of 2012, effective February 24, 2012.

(July 16, 1947, 61 Stat. 353, ch. 258, art. I, title XII, § 8; Mar. 31, 1956, 70 Stat. 72-77, ch. 154, § 11; Sept. 6, 1966, 80 Stat. 632, Pub. L. 89-554, § 8(a); Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-92, § 502(b), 27 DCR 3390; June 11, 1982, D.C. Law 4-118, § 116, 29 DCR 1770; July 24, 1982, D.C. Law 4-131, §§ 105, 108(c), (d), 29 DCR 2418; June 24, 1987, D.C. Law 7-9, § 2(n), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(l)(1)-(3), 34 DCR 5097; Sept. 21, 1988, D.C. Law 7-141, § 2(d), (e), 35 DCR 5398; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(y), 48 DCR 334; Mar. 14, 2007, D.C. Law 16-292, § 2(e), 54 DCR 1080; Sept. 12, 2008, D.C. Law 17-231, § 41(m), 55 DCR 6758; Mar. 3, 2010, D.C. Law 18-108, § 2(c), 57 DCR 22; Sept. 24, 2010, D.C. Law 18-223, §§ 7092, 7152, 57 DCR 6242; Sept. 14, 2011, D.C. Law 19-21, §§ 8092, 8112, 58 DCR 6226; Sept.

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1812.8.

1973 Ed., § 47-1586g.

*Effect of Amendments*

D.C. Law 13-305 rewrote subsec. (f)(1) which had read:

"(f) *Failure to withhold or pay amounts withheld.* -- (1) Every employer, who fails to withhold or pay to the Mayor any sums required by this section to be withheld and paid, shall be personally and individually liable therefor to the District of Columbia; and any sum or sums withheld in accordance with the provisions of this section shall be deemed to be, and shall be, held in trust by the employer for the District of Columbia."

D.C. Law 16-292 substituted "husband and wife (or domestic partner who filed under § 47-1805.01(f))" for "husband and wife".

D.C. Law 17-231 rewrote subsec. (i)(3), which had read as follows:

"(3) In the case of a husband and wife (or domestic partner who filed under § 47-1805.01(f)), a single declaration under this section may be made by them jointly, in which case the liability with respect to the estimated tax shall be joint and several. No joint declaration may be made if the husband and wife (or domestic partner who filed under § 47-1805.01(f)) are separated under a decree of divorce or of separate maintenance, or if they have different taxable years. If a joint declaration is made but a joint return is not made for the taxable year, the estimated tax for such year may be treated as the estimated tax of either husband or wife, or may be divided between them."

D.C. Law 18-108, in subsec. (i)(3), substituted "married individuals" for "a husband and wife" and substituted "the married individuals" for "the husband and wife".

D.C. Law 18-223 rewrote subsec. (e)(1); added subsecs. (e)(9), (10), and (11); and added subsec. (l). Prior to amendment, subsec. (e)(1) read as follows:

"(1) An employee receiving wages shall on any day be entitled to the withholding exemptions allowed under this chapter."

D.C. Law 19-21 rewrote subsec. (e)(8); and added subsec. (m). Prior to amendment, subsec. (e)(8) read as follows:

"(8) An employee shall be entitled to additional withholding exemptions under this subsection with respect to payment of wages equal to a number determined by dividing by \$885 for taxable years beginning after December 31, 1986, \$1,025 for taxable years beginning after December 31, 1987, \$1,160 for taxable years beginning after December 31, 1988, \$1,270 for taxable years beginning after December 31, 1989, and \$1,370 for taxable years beginning after December 31, 1990, the excess of:

"(A) His or her estimated itemized deductions; over

"(B) The applicable standard deduction amount specified in § 47 1801.04(26)."

D.C. Law 19-168 rewrote subsec. (m), which formerly read:

"(m)(1) If a resident payee receives an early distribution from a retirement plan or account retirement account or retirement plan or pursuant to section 3405 of the Internal Revenue Code of 1986 and the payment is subject to mandatory withholding of federal income tax, District tax shall be withheld by the payor of that distribution at the highest District income tax rate as exists at the time of receipt of that distribution.

"(2) For the purposes of this subsection, the terms 'retirement account' or 'retirement plan' mean:

"(A) A qualified employee plan;

"(B) A qualified employee annuity plan;

"(C) A defined contribution plan;

"(D) A tax sheltered annuity plan;

"(E) A individual retirement account;

"(F) Any combination of the plans and account listed in subparagraphs (A) through (E) of this paragraph; or

"(G) Any similarly situated plan as defined by the Internal Revenue Code of 1986.

"(3) This subsection shall be applicable for periods beginning after December 31, 2011."

*Temporary Amendments of Section*

Section 2 of D.C. Law 18-43 added subsec. (l) to read as follows:

"(l) *Withholding from lottery winnings.*

"(1) For the purposes of this subsection, the term:

"(A) 'Constructive receipt' or 'constructively received' means that payments of lottery winnings, although not actually within a taxpayer's possession, are deemed to be received by the payee and subject to District tax in the taxable year during which the lottery winner is determined by Powerball or other lottery drawing.

"(B) 'Lottery winnings' means winnings which are subject to withholding as defined in section 3402(q) of the Internal Revenue Code of 1986, whether as a lump sum or annuitized payment.

"(C) 'Payment' means the payment of lottery winnings.

"(D) 'Payor' means a person responsible to make a payment subject to withholding under section 3402(q) of the Internal Revenue Code of 1986.

"(2) In making payments, whether actually or constructively received by the payee, of lottery winnings taxable under § 47-1803.02, 47-1807.02, or 47- 1808.02, the District of Columbia Lottery and Charitable Games Control Board, or any payor, shall deduct and withhold from such payments an amount equal to the tax on such payments computed at the highest rate of tax under § 47- 1806.03, 47-1807.02, or 47-1808.03, as applicable, in accordance with procedures to be established by the Chief Financial Officer.

"(3) Except as provided in paragraph (4) of this subsection, the withholding required by this section shall apply to any of the following payments:

"(A) A lump sum payment in the year the payment is made; or

"(B) A payment of an annuitized amount in the year the payment is made by any payor to a payee.

"(4) The withholding required by this subsection shall not apply to a payment to a nonresident, corporation, partnership, or limited liability company if the individual, shareholder, partner, or member of such entities provides the payor with a statement and documentary evidence, subject to review and approval by the Chief Financial Officer, that the income earned is not subject to District tax."

Section 4(b) of D.C. Law 18-43 provides that the act shall expire after 225 days of its having taken effect.

Section 2 of D.C. Law 18-206 added subsec. (l) to read as follows:

"(l) *Withholding from lottery winnings.* --

"(1) For the purposes of this subsection, the term:

"(A) 'Constructive receipt' or 'constructively received' means that payments of lottery winnings, although not actually within a taxpayer's possession, are deemed to be received by the payee and subject to District tax in the taxable year during which the lottery winner is determined by Powerball or other lottery drawing.

"(B) 'Lottery winnings' means winnings which are subject to withholding as defined in section 3402(q) of the Internal Revenue Code of 1986, whether as a lump sum or annuitized payment.

"(C) 'Payment' means the payment of lottery winnings.

"(D) 'Payor' means a person responsible to make a payment subject to withholding under section 3402(q) of the Internal Revenue Code of 1986.

"(2) In making payments, whether actually or constructively received by the payee, of lottery winnings taxable under § 47-1803.02, 47-1807.02, or 47- 1808.02, the District of Columbia Lottery and Charitable Games Control Board, or any payor, shall deduct and withhold from such payments an amount equal to the tax on such payments computed at the highest rate of tax under § 47- 1806.03, 47-1807.02, or 47-1808.03, as applicable, in accordance with procedures to be established by the Chief Financial Officer.

"(3) Except as provided in paragraph (4) of this subsection, the withholding required by this section shall apply to any of the following payments:

"(A) A lump sum payment in the year the payment is made; or

"(B) A payment of an annuitized amount in the year the payment is made by any payor to a payee.

"(4) The withholding required by this subsection shall not apply to a payment to a nonresident, corporation, partnership, or limited liability company if the individual, shareholder, partner, or member of such entities provides the payor with a statement and documentary evidence, subject to review and approval by the Chief Financial Officer, that the income earned is not subject to District tax."

Section 4(b) of D.C. Law 18-206 provides that the act shall expire after 225 days of its having taken effect.

Section 7 of D.C. Law 19-53, in subsec. (b)(1), added subpar. (E) to read as follows:

"(E) For the method of withholding after December 31, 2011, no allowance for the standard deduction shall be permitted."

; and rewrote subsec. (e)(8) to read as follows:

"(8) For periods beginning after December 31, 2011, an employee shall be entitled to additional withholding exemptions under this subsection with respect to payment of wages equal to a number determined by dividing by the personal exemption provided under § 47-1806.02(i) the excess of:



"(A) His or her estimated itemized deductions; over

"(B) The applicable standard deduction amount specified in § 47-1801.04(26).".

Section 15(b) of D.C. Law 19-53 provides that the act shall expire after 225 days of its having taken effect.

Section 2 of D.C. Law 19-90, in subsec. (g)(1)(B), deleted the last sentence; and added subsec. (n) to read as follows:

"(n)(1) Beginning for statements due after December 31, 2011, each employer or payor required under this section to withhold income tax for an employee or a person who receives a payment subject to withholding ("payee") shall prepare a statement for each employee or payee that shows for the previous calendar year any information that the Chief Financial Officer requires by regulation or guidance.

"(2)(A) An employer or payor required to submit the statements pursuant to paragraph (1) of this subsection shall submit one copy of the statement for each employee or payee to the Chief Financial Officer by January 31 of each year.

"(B) Except as provided by subparagraph (C) of this paragraph, if the number of statements that an employer or payor is required to submit is 25 or more, the employer or payor shall submit the statements in an electronic format, as prescribed by the Chief Financial Officer.

"(C) The Chief Financial Officer may waive the requirement that an employer or payor submit statements in electronic format if the Chief Financial Officer determines that the requirement will result in undue hardship to the employer or payor."

Section 4(b) of D.C. Law 19-90 provides that the act shall expire after 225 days of its having taken effect.

Section 2 of D.C. Law 19-100, in subsec. (m)(1), substituted "a distribution" for "an early distribution" and substituted "retirement account and the distribution is subject to" for "account retirement account or retirement plan or pursuant to section 3405 of the Internal Revenue Code of 1986 and the payment is subject to mandatory"; and amended subsec. (m)(3) to read as follows:

"(3) This subsection shall apply to distributions made after December 31, 2011."

Section 4(b) of D.C. Law 19-100 provides that the act shall expire after 225 days of its having taken effect.

Section 2 of D.C. Law 19-135 amended subsec. (m) to read as follows:

"(m)(1) Except as provided in paragraph (2) of this subsection, if a resident payee receives a payment from a retirement plan or retirement account that is a lump-sum distribution, District income tax shall be withheld on the lump-sum distribution by the payor at the highest District individual income tax rate that is in effect at the time of the distribution.

"(2) Paragraph (1) of this subsection shall not apply to:

"(A) Any portion of a lump-sum payment that was previously subject to tax;

"(B) An eligible rollover distribution that is effected as a direct trustee to trustee transfer; or

"(C) A rollover from an individual retirement account to a traditional or Roth individual retirement account that is effected as a direct trustee to trustee transfer.

"(3) For the purposes of this subsection, the term:

"(A) 'Lump-sum distribution' means a payment from a payor to a resident payee of the resident payee's entire account balance, exclusive of any other tax withholding and any administrative charges and fees.

"(B) 'Retirement account' or 'retirement plan' means:

"(i) A qualified employee plan;

"(ii) A qualified employee annuity plan;

"(iii) A defined contribution plan;

"(iv) A defined benefit plan;

"(v) An individual retirement account;

"(vi) Any combination of the plans and account listed in sub-subparagraphs (i) through (v) of this subparagraph; or

"(vii) Any similarly situated account or plan as defined by the Internal Revenue Code of 1986.

"(4) This subsection shall apply within 5 days of the effective date of the Targeted Retirement Distribution Withholding Emergency Act of 2012, effective February 24, 2012 (D.C. Act 19-316; 58 DCR \_\_\_\_).".

Section 4(a) of D.C. Law 19-135 provides that the act shall expire after 225 days of its having taken effect.

#### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 2 of Withholding of Tax on Lottery Winnings Emergency Act of 2009 (D.C. Act 18-71, May 6, 2009, 56 DCR 3799).

For temporary (90 day) amendment of section, see § 2 of Withholding of Tax on Lottery Winnings Congressional Review Emergency Act of 2009 (D.C. Act 18-147, July 28, 2009, 56 DCR 6323).

For temporary (90 day) amendment of section, see § 2 of Withholding of Tax on Lottery Winnings Emergency Act of 2010 (D.C. Act 18-391, May 7, 2010, 57 DCR 4342).

For temporary (90 day) amendment of section, see §§ 7092, 7093, and 7152 of Fiscal Year 2011 Budget Support Emergency Act of 2010 (D.C. Act 18-463, July 2, 2010, 57 DCR 6542).

For temporary (90 day) amendment of section, see § 7 of Revised Fiscal Year 2012 Budget Support Technical Clarification Emergency Amendment Act of 2011 (D.C. Act 19-157, October 4, 2011, 58 DCR 8688).

For temporary (90 day) amendment of section, see § 2 of Income Tax Withholding Statements Electronic Submission Emergency Act of 2011 (D.C. Act 19-226, November 15, 2011, 58 DCR 9934).

For temporary (90 day) amendment of section, see § 2 of Retirement Distribution Withholding Emergency Act of 2011 (D.C. Act 19-265, December 22, 2011, 58 DCR 11242).

For temporary (90 day) amendment of section, see § 2 of Income Tax Withholding Statements Electronic Submission Congressional Review Emergency Act of 2012 (D.C. Act 19-308, February 21, 2012, 59 DCR 1684).

For temporary (90 day) amendment of section, see § 2 of Targeted Retirement Distribution Emergency Act of 2012 (D.C. Act 19-316, February 24, 2012, 59 DCR 1709).

For temporary (90 day) amendment of section, see § 7022 of Fiscal Year 2013 Budget Support Emergency Act of 2012 (D.C. Act 19-383, June 19, 2012, 59 DCR 7764).

For temporary (90 day) amendment of section, see § 7022 of Fiscal Year 2013 Budget Support Congressional Review Emergency Act of 2012 (D.C. Act 19-413, July 25, 2012, 59 DCR 9290).

For temporary (90 day) amendment of section, see § 105 of Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 10, 2012, 59 DCR 12478).

For temporary (90 day) amendment of section, see § 2 of Income Tax Withholding Statements Electronic Submission Emergency Act of 2012 (D.C. Act 19-506, October 26, 2012, 59 DCR 12770).

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-9, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 7-141, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

For Law 16-292, see notes following § 47-1801.04.

For Law 17-231, see notes following § 47-802.

For Law 18-108, see notes following § 47-1801.04.

For Law 18-223, see notes following § 47-355.05.

For history of Law 19-21, see notes under § 47-305.02.

For history of Law 19-168, see notes under § 47-355.01.

#### *Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

Section 3 of D.C. Law 18-108 provides:

"Section 2 shall apply for tax years beginning January 1, 2009."

Short title: Section 7091 of D.C. Law 18-223 provided that subtitle J of title VII of the act may be cited as the "Withholding of Tax on Lottery Winnings Act of 2010".

Section 7093 of D.C. Law 18-223 provides:

"Sec. 7093. Applicability.

"Section 7092 shall apply as of April 24, 2010."

Short title: Section 7151 of D.C. Law 18-223 provided that subtitle P of title VII of the act may be cited as the

"Withholding Tax Compliance Reform Act of 2010".

Short title: Section 8091 of D.C. Law 19-21 provided that subtitle J of title VIII of the act may be cited as "Standard Deduction Withholding Exclusion Act of 2011".

Section 8093 of D.C. Law 19-21 provides:

"Sec. 8093. Applicability.

"This subtitle shall apply as of January 1, 2012."

Short title: Section 8111 of D.C. Law 19-21 provided that subtitle L of title VIII of the act may be cited as "Withholding Tax on Distributions from Retirement Accounts Act of 2011".

Short title: Section 7021 of D.C. Law 19-168 provided that subtitle B of title VII of the act may be cited as "Targeted Retirement Distribution Withholding Act of 2012".

## **§ 47-1812.09. LIEN LIABILITY.[REPEALED]**

(July 16, 1947, 61 Stat. 353, ch. 258, art. I, title XII, § 9; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; July 24, 1982, D.C. Law 4-131, § 106, 29 DCR 2418; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(z)(2), 48 DCR 334.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1812.9.

1973 Ed., § 47-1586h.

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

#### *Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

## **§ 47-1812.10. PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION.[REPEALED]**

(July 16, 1947, 61 Stat. 354, ch. 258, art. I, title XII, § 10; May 27, 1949, 63 Stat. 132, ch. 146, title IV, § 417; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 28, 1979, D.C. Law 3-21, § 2, 26 DCR 386; June 11, 1982, D.C. Law 4-118, § 117, 29 DCR 1770; Oct. 1, 1987, D.C. Law 7-29, § 2(l)(4), 34 DCR 5097; Apr. 9, 1997, D.C. Law 11-198, § 103(b), 43 DCR 4569; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Mar. 20, 1998, D.C. Law 12-60, § 1601, 44 DCR 7378; Apr. 20, 1999, D.C. Law 12-264, § 52(n), 46 DCR 2118; Apr. 27, 1999, D.C. Law 12-265, § 4, 46 DCR 2096; June 9, 2001, D.C. Law 13-305, § 406(z)(2), 48 DCR 334.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1812.10.

1973 Ed., § 47-1586i.

#### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see 102 of Fiscal Year 1997 Budget Support Temporary Amendment Act of 1996 (D.C. Law 11-226, April 9, 1997, law notification 44 DCR 2584).

For temporary (225 day) amendment of section, see 1601 of Fiscal Year 1998 Revised Budget Support Temporary Act of 1997 (D.C. Law 12-59, March 20, 1998, law notification 45 DCR 2094).

#### *Emergency Act Amendments*

For temporary amendment of section, see § 105(b) of the Fiscal Year 1997 Budget Support Emergency Act of 1996 (D.C. Act 11-302, July 25, 1996, 43 DCR 4181), § 102 of the Fiscal Year 1997 Budget Support Emergency Amendment Act of 1996 (D.C. Act 11-429, October 29, 1996, 43 DCR 6151), and § 102 of the Fiscal Year 1997 Budget Support Congressional Adjournment Emergency Amendment Act of 1997 (D.C. Act

12-2, February 19, 1997, 44 DCR 1590).

For temporary amendment of section, see § 301(a) of the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan and Fiscal Year 1998 Revised Budget Support Act of 1997 Technical Amendments Emergency Act of 1998 (D.C. Act 12-351, May 20, 1998, 45 DCR 3673) and § 301(a) of the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan and Fiscal Year 1998 Revised Budget Support Act of 1997 Technical Amendments Congressional Review Emergency Amendment Act of 1998 (D.C. Act 12-432, August 6, 1998, 45 DCR 5920).

For temporary amendment of section, see § 1601 of the Fiscal Year 1998 Revised Budget Support Emergency Act of 1997 (D.C. Act 12-152, October 17, 1997, 44 DCR 6196), and see § 1601 of the Fiscal Year 1998 Revised Budget Support Congressional Review Emergency Act of 1997 (D.C. Act 12-239, January 13, 1998, 45 DCR 508).

For temporary (90-day) amendment of section, see § 3 of the Establishment of Council Contract Review Criteria and Budget Support Congressional Review Emergency Amendment Act of 1999 (D.C. Act 13-47, April 6, 1999, 46 DCR 5481).

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

Law 3-21, the "District of Columbia Income and Franchise Tax Statute of Limitations Extension Act of 1979," was introduced in Council and assigned Bill No. 3-132, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 5, 1979 and June 19, 1979, respectively. Signed by the Mayor on July 12, 1979, it was assigned Act No. 3-65 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 11-198, see Historical and Statutory Notes following § 47-1812.07.

Law 12-60, the "Fiscal Year 1998 Revised Budget Support Act of 1998," was introduced in Council and assigned Bill No. 12-353, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on September 8, 1997, and October 7, 1997, respectively. Signed by the Mayor on October 24, 1997, it was assigned Act No. 12-191 and transmitted to both Houses of Congress for its review. D.C. Law 12-60 became effective on March 20, 1998.

Law 12-264, the "Technical Amendments Act of 1998," was introduced in Council and assigned Bill No. 12-804, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 10, 1998, and December 1, 1998, respectively. Signed by the Mayor on January 7, 1999, it was assigned Act No. 12-626 and transmitted to both Houses of Congress for its review. D.C. Law 12-264 became effective on April 20, 1999.

#### *Legislative History of Laws*

For Law 13-305, see notes under § 47-901.

#### *Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

## **§ 47-1812.11. CREDITS AND REFUNDS FOR OVERPAYMENTS.[REPEALED]**

(July 16, 1947, 61 Stat. 355, ch. 258, art. I, title XII, § 11; May 27, 1949, 63 Stat. 133, ch. 146, title IV, § 418; Mar. 31, 1956, 70 Stat. 78, ch. 154, § 12; July 29, 1970, 84 Stat. 574, Pub. L. 91-358, title I, § 156(f); Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 23, 1980, D.C. Law 3-92, § 502(c), 27 DCR 3390; June 11, 1982, D.C. Law 4-118, § 118, 29 DCR 1770; Sept. 18, 1982, D.C. Law 4-154, § 2, 29 DCR 3486; Feb. 24, 1987, D.C. Law 6-166, § 33(g)(1), 33 DCR 6710; Feb. 24, 1987, D.C. Law 6-183, § 2, 33 DCR 7669; Oct. 1, 1987, D.C. Law 7-29, § 2(l)(5), 34 DCR 5097; Sept. 21, 1988, D.C. Law 7-141, § 2(f), 35 DCR 5398; Sept. 24, 1993, D.C. Law 10-15, § 301, 40 DCR 5420; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(z)(2), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.11.

1973 Ed., § 47-1586j.

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 301 of District of Columbia Unemployment

Compensation Comprehensive Improvements Temporary Amendment Act of 1992(D.C. Law 9-260, March 27, 1993, law notification 40 DCR ).

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

Law 4-154, the "Project Setoff Liability Act of 1982," was introduced in Council and assigned Bill No. 4-243, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 22, 1982 and July 6, 1982, respectively. Signed by the Mayor on July 21, 1982, it was assigned Act No. 4-225 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 6-166, see Historical and Statutory Notes following § 47-1805.04.

Law 6-183, the "Set-Off of District of Columbia Income Tax Refunds for Default of Student Loans Amendment Act of 1986," was introduced in Council and assigned Bill No. 6-441, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on October 21, 1986 and November 5, 1986, respectively. Signed by the Mayor on November 25, 1986, it was assigned Act No. 6-234 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For legislative history of D.C. Law 7-141, see Historical and Statutory Notes following § 47-1801.04.

Law 10-15, the "Unemployment Compensation Comprehensive Improvements Amendment Act of 1993," was introduced in Council and assigned Bill No. 10-52, which was referred to the Committee on Labor. The Bill was adopted on first and second readings on June 1, 1993, and June 29, 1993, respectively. Signed by the Mayor on July 13, 1993, it was assigned Act No. 10-44 and transmitted to both Houses of Congress for its review. D.C. Law 10-15 became effective on September 24, 1993.

For Law 13-305, see notes under § 47-901.

#### *Miscellaneous Notes*

Appropriations authorized for making refunds and for payment of judgments entered against District Government: Section 106 of Pub. L. 104-194, 110 Stat. 2365, the District of Columbia Appropriations Act, 1997, provided that there are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making refunds and for the payment of judgments that have been entered against the District of Columbia government: *Provided*, that nothing contained in the section shall be construed as modifying or affecting the provisions of (c)(3) of this section.

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

## **§ 47-1812.11A. TAX CHECK-OFF.[REPEALED]**

(July 16, 1947, ch. 258, art. I, title XII, § 11a, as added Mar. 8, 1991, D.C. Law 8-246, § 6, 38 DCR 371; Nov. 20, 1993, D.C. Law 10-56, § 10, 40 DCR 7222; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-236, § 2(c)(2), 46 DCR 660.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1812.11a.

##### *Temporary Repeal of Section*

For temporary (225 day) repeal of section, see § 2(b) of Drug Prevention and Children at Risk Tax Check-off Temporary Act of 1998 (D.C. Law 12-200, March 26, 1999, law notification 46 DCR 3426).

##### *Emergency Act Amendments*

For temporary (90-day) repeal of section, see § 2(a) of the Drug Prevention and Children At-Risk Tax Check-off Congressional Review Emergency Act of 1999 (D.C. Act 13-30, March 15, 1999, 46 DCR 2991).

For temporary (90-day) amendment of section, see § 2(c) of the Drug Prevention and Children At-Risk Tax Check-off Congressional Review Emergency Act of 1999 (D.C. Act 13-30, March 15, 1999, 46 DCR 2991).

#### *Legislative History of Laws*

Law 8-246, the "District of Columbia Drug Prevention and Children at Risk Tax Check-Off Amendment Act of 1990," was introduced in Council and assigned Bill No. 8-561, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on December 4, 1990, and

December 18, 1990, respectively. Signed by the Mayor on December 27, 1990, it was assigned Act No. 8-330 and transmitted to both Houses of Congress for its review.

Law 10-56, the "Child Abuse and Neglect Prevention Children's Trust Fund Act of 1993," was introduced in Council and assigned Bill No. 10-114, which was referred to the Committee on Human Services. The Bill was adopted on first and second readings on July 13, 1993 and September 21, 1993, respectively. Signed by the Mayor on October 1, 1993, it was assigned Act No. 10-109 and transmitted to both Houses of Congress for its review. D.C. Law 10-56 became effective on November 20, 1993.

For legislative history of D.C. Law 12-236, see Historical and Statutory Notes following § 47-1812.11b.

## **§ 47-1812.11B. PUBLIC FUND FOR DRUG PREVENTION AND CHILDREN AT RISK TAX CHECK-OFF.**

(a) For the calendar year beginning January 1, 1995, and for each subsequent calendar year, there shall be provided on the District of Columbia individual income tax return a voluntary check-off that indicates that an individual may contribute a minimum donation or gift of \$1 to the Public Fund for Drug Prevention and Children at Risk established by § 47-4002. The contribution shall reduce any refund owed to the individual taxpayer or increase the tax owed by the individual taxpayer on the taxpayer's tax return. The funds generated from the tax check-off shall be earmarked for the Fund except that any cost incurred by the Mayor in collecting, processing, accounting, or disbursing the funds generated by the tax check-off shall be reimbursed to the Mayor from the funds generated by the tax check-off.

(b) The funds generated by the tax check-off established by subsection (a) of this section shall be transferred to the Fund pursuant to rules issued by the Mayor. The rules shall establish timetables and procedures for transfer. Check-off funds shall be transferred to the Fund only after the costs of the Mayor described in subsection (a) of this section are reimbursed.

(c)(1) Except as provided in paragraph (2) of this subsection, any unpaid District tax liability on an individual income tax return shall render any voluntary tax check-off election void. Any amount paid for the purpose of contributing to the Fund shall be used first to satisfy any unpaid tax liability in whole or in part.

(2) If there is any amount that remains after satisfaction of the unpaid tax liability, the amount shall be transferred to the Fund.

(d) For the purposes of this section, the terms "drug prevention", "children at risk", "Fund", and "tax check-off" shall have the same meaning as the terms have in § 47-4001.

(Apr. 20, 1999, D.C. Law 12-236, § 2(c), 46 DCR 660; Mar. 16, 2005, D.C. Law 15-226, § 202(b), 51 DCR 10539.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1812.11b.

#### *Effect of Amendments*

D.C. Law 15-226, in the section name line, substituted "Public Fund for Drug Prevention and Children at Risk tax" for "Tax".

#### *Temporary Addition of Section*

For temporary (225 day) amendment of section, see § 2(b) of Drug Prevention and Children at Risk Tax Check-off Temporary Act of 1998 (D.C. Law 12-200, March 26, 1999, law notification 46 DCR 3426).

#### *Emergency Act Amendments*

For temporary addition of section, see § 2(b) of the Drug Prevention and Children at Risk Tax Check-off Emergency Act of 1998 (D.C. Act 12-437, August 7, 1998, 45 DCR 5953), § 2(b) of the Drug Prevention and Children at Risk Tax Check-off Congressional Review Emergency Act of 1998 (D.C. Act 12-522, December 9, 1998, 45 DCR 9179), and § 2(b) of the Drug Prevention and Children at Risk Tax Check-off Congressional Review Emergency Act of 1999 (D.C. Act 13-30, March 15, 1999, 46 DCR 2991).

For temporary (90 day) amendment of section, see § 808 of Child and Youth, Safety And Health Omnibus Emergency Amendment Act of 2002 (D.C. Act 14-310, March 26, 2002, 49 DCR 3420).

#### *Legislative History of Laws*

Law 12-236, the "Drug Prevention and Children at Risk Tax Check-off, Tax Initiative Delay, and Attorney License Fee Act of 1998," was introduced in Council and assigned Bill No. 12-706, which was referred to the Committee on Public Works and the Environment and the Committee on Finance and Review. The Bill was adopted on first and second readings on November 10, 1998, and December 1, 1998, respectively. Signed by the Mayor on December 21, 1998. It was assigned Act No. 12-561 and transmitted to both Houses of Congress for its review. D.C. Law 12-236 became effective on April 20, 1999.

Law 15-226, the "District of Columbia Statehood Delegation Fund Commission Establishment and Tax Check-Off Amendment Act of 2004", was introduced in Council and assigned Bill No. 15-575, which was referred to the Committee on Public Interest. The Bill was adopted on first and second readings on July 13, 2004, and October 5, 2004, respectively. Signed by the Mayor on November 1, 2004, it was assigned Act No. 15-565 and transmitted to both Houses of Congress for its review. D.C. Law 15-226 became effective on March 16, 2005.

## **§ 47-1812.11C. STATEHOOD DELEGATION FUND TAX CHECK-OFF.**

(a) There shall be provided on the District of Columbia individual income tax return a voluntary check-off that indicates an individual may contribute a minimum donation or gift of \$1 to the Statehood Delegation Fund ("Fund"), established by [§ 1-129.08]. The contribution shall reduce any refund owed to the individual taxpayer or increase the tax owed by the individual taxpayer on the taxpayer's tax return. The funds generated from the tax check-off shall be earmarked for the Fund except that any cost incurred by the Mayor in collecting, processing, accounting for, or disbursing the funds generated by the tax check-off shall be reimbursed to the Mayor from the funds generated by the tax check-off.

(b) Except as provided in subsection (b-1) of this section, the funds generated by the tax check-off established by subsection (a) of this section shall be transferred to the Fund pursuant to rules issued by the Mayor that establish timetables and procedures for transfer of the funds. Check-off funds shall be transferred to the Fund only after the costs to the Mayor described in subsection (a) of this section have been reimbursed.

(b-1)(1) Until the District of Columbia Statehood Delegation Fund Commission, established by [§ 1-129.02], convenes, the funds generated by the tax check-off shall be deposited in equal amounts in the District of Columbia statehood funds established pursuant to [§ 1-123(g)].

(2) Semiannually, each Representative and Senator shall submit to the Mayor, the Chairman of the Council, and the Chairman of the District of Columbia Board of Election and Ethics an accounting of the expenditures made with the tax check-off funds.

(c)(1) Except as provided in paragraph (2) of this subsection, any unpaid District tax liability on an individual income tax return shall render any voluntary tax check-off election void. Any amount paid for the purpose of contributing to the Fund shall be used first to satisfy any unpaid tax liability, in whole or in part.

(2) If there is any amount that remains after satisfaction of the unpaid tax liability, the amount shall be transferred to the Fund.

(d) If on January 1 of any year that begins 3 years after implementation of the tax check-off, the contributions for the previous taxable year fall below \$25,000, this section shall expire.

(Mar. 16, 2005, D.C. Law 15-226, § 202(c), 51 DCR 10539; Aug. 16, 2008, D.C. Law 17-219, § 7105, 55 DCR 7598.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Effect of Amendments*

D.C. Law 17-219, in subsec. (b), inserted "Except as provided in subsection (b-1) of this section,"; and added subsec. (b-1).

#### *Temporary Addition of Section*

For temporary (225 day) addition of section, see § 831 of Child and Youth, Safety and Health Omnibus Temporary Amendment Act of 2002 (D.C. Law 14-164, June 25, 2002, law notification 49 DCR 6500).

For temporary (225 day) addition of section, see § 831 of Child and Youth, Safety and Health Omnibus Temporary Amendment Act of 2003 (D.C. Law 15-2, May 3, 2003, law notification 50 DCR 3782).

For temporary (225 day) addition of section, see § 831 of Child and Youth, Safety and Health Omnibus Temporary Amendment Act of 2004 (D.C. Law 15-117, March 30, 2004, law notification 51 DCR 3804).

#### *Emergency Act Amendments*

For temporary (90 day) addition of § 47-1812.11c, see § 831 of Child and Youth, Safety and Health Omnibus Emergency Amendment Act of 2003 (D.C. Act 15-3, January 22, 2003, 50 DCR 1426).

For temporary (90 day) addition of section, see § 831 of Child and Youth, Safety and Health Omnibus Congressional Review Emergency Amendment Act of 2003 (D.C. Act 15-71, April 16, 2003, 50 DCR 3593).

For temporary (90 day) addition of section, see § 831 of Child and Youth, Safety and Health Omnibus Second Emergency Amendment Act of 2003 (D.C. Act 15-279, December 18, 2003, 51 DCR 60).

For temporary (90 day) addition of section, see § 831 of Child and Youth, Safety and Health Omnibus Congressional Review Emergency Amendment Act of 2004 (D.C. Act 15-407, March 18, 2004, 51 DCR 3659).

For temporary (90 day) amendment of section, see § 2 of District of Columbia Statehood Delegation Fund Tax Check-off Emergency Act of 2008 (D.C. Act 17- 349, April 14, 2008, 55 DCR 5362).

*Legislative History of Laws*

For Law 15-226, see notes following § 47-1812.11b.

For Law 17-219, see notes following § 47-318.05a.

*Miscellaneous Notes*

Short title: Section 7104 of D.C. Law 17-219 provided that subtitle K of title VII of the act may be cited as the "District of Columbia Statehood Delegation Fund Tax Check-off Act of 2008".

**§ 47-1812.11D. ANACOSTIA RIVER CLEAN UP AND PROTECTION FUND TAX CHECK-OFF.**

(a) For the 2009 tax year, and for each subsequent tax year, there shall be provided on the District individual income tax return a voluntary check-off that indicates that an individual may contribute a minimum donation or gift of \$1 to the Anacostia River Clean Up and Protection Fund ("Fund") established by [§ 8-102.05(a)]. The contribution shall reduce any refund owed to the individual taxpayer or increase the tax owed by the individual taxpayer on the taxpayer's tax return. The funds generated from the tax check-off shall be deposited in the Fund, except that any cost incurred by the Mayor in collecting, processing, accounting, or disbursing the funds generated by the tax check-off shall be reimbursed to the Mayor from the funds generated by the tax check-off.

(b)(1) Except as provided in paragraph (2) of this subsection, any unpaid District tax liability on an individual income tax return shall render any voluntary tax check-off election void. Any amount paid for the purpose of contributing to the Fund shall be used first to satisfy any unpaid tax liability in whole or in part.

(2) If there is any amount that remains after satisfaction of the unpaid tax liability, the amount shall be deposited in the Fund.

(c) The Mayor shall include with the individual tax return package a description of the purposes for which the Fund was established and projects for which the Fund may be used.

(Sept. 23, 2009, D.C. Law 18-55, § 9(a)(3), 56 DCR 5703; Sept. 26, 2012, D.C. Law 19-171, § 119, 59 DCR 6190.)

*HISTORICAL AND STATUTORY NOTES*

*Effect of Amendments*

D.C. Law 19-171 validated a previously made technical correction in the section designation.

*Legislative History of Laws*

For Law 18-55, see notes following § 47-1803.02.

For history of Law 19-171, see notes under § 47-369.01.

**§ 47-1812.12. CLOSING AGREEMENTS.[REPEALED]**

(July 16, 1947, 61 Stat. 355, ch. 258, art. I, title XII, § 12; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(aa)(2), 48 DCR 334.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1812.12.

1973 Ed., § 47-1586k.

*Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

*Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."



## **§ 47-1812.13. COMPROMISES.[REPEALED]**

(July 16, 1947, 61 Stat. 355, ch. 258, art. I, title XII, § 13; July 8, 1963, 77 Stat. 77, Pub. L. 88-60, § 1; July 29, 1970, 84 Stat. 570, Pub. L. 91-358, title I, § 155(a); Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(aa)(2), 48 DCR 334.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1812.13.

1973 Ed., § 47-1586I.

#### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

#### *Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

## **§ 47-1812.14. DECLARATION OF ESTIMATED TAX BY CORPORATIONS, FINANCIAL INSTITUTIONS, AND UNINCORPORATED BUSINESSES.**

Every corporation, financial institution, and unincorporated business required to make and file a franchise tax return under this chapter shall make and file a declaration of estimated tax at the time and under the conditions, and shall make payments of the tax year in the amount and under the conditions, as the Mayor shall prescribe by regulation. In the case of the taxable year beginning in 1970, the regulations may not require the payment before the last day on which a return for the taxable year is required to be filed under § 47-1805.03(a) of estimated tax for the year exceeding 1/2 of the estimated tax; provided, that in the case of financial institutions, the provisions of this section shall be subject to § 47-2507(a)(3) and to § 47-2507(b)(3).

(July 16, 1947, 61 Stat. 356, ch. 258, art. I, title XII, § 14; Oct. 31, 1969, 83 Stat. 177, Pub. L. 91-106, title V, § 603(a); Oct. 21, 1975, D.C. Law 1-23, title VI, § 608, 22 DCR 2114; Sept. 13, 1980, D.C. Law 3-92, § 502(d), 27 DCR 3390; Sept. 13, 1980, D.C. Law 3-95, § 107, 27 DCR 3509; July 24, 1982, D.C. Law 4-130, § 2, 29 DCR 2412; Sept. 26, 1984, D.C. Law 5-113, § 302(c), 31 DCR 3974; Mar. 14, 1985, D.C. Law 5-159, § 24, 32 DCR 30; Feb. 28, 1987, D.C. Law 6-209, § 404(a), 34 DCR 689; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(bb), 48 DCR 334.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1812.14.

1973 Ed., § 47-1586I-1.

#### *Effect of Amendments*

D.C. Law 13-305 rewrote the section which had read:

"(a) *Declaration and payment.* -- Every corporation, financial institution, and unincorporated business required to make and file a franchise tax return under this chapter shall make and file a declaration of estimated tax at such time or times and under such conditions, and shall make payments of such tax during its taxable year in such amounts and under such conditions, as the Mayor of the District of Columbia shall by regulations prescribe. In the case of the taxable year beginning in 1970, such regulations may not require payment before the last day on which a return for such taxable year is required to be filed under § 47-1805.03(a) of an aggregate amount of estimated tax for such year in excess of one-half of such estimated tax; provided, however, that in the case of financial institutions, the provisions of this section shall be subject to § 47-2507(a)(3) and to § 47-2507(b)(3).

"(b) *Underpayment.* --

"(1)(A) *Addition to tax.* -- In case of any underpayment of estimated tax by a corporation, financial institution, or an unincorporated business, there shall be added to the tax for the taxable year an amount determined at the rate of 1 and 1/2% per month upon the amount of the underpayment (determined under subparagraph (B) of this paragraph) for the period of the underpayment (determined under subparagraphs (C) and (D) of this paragraph).

"(B) *Amount of underpayment.* -- For purposes of subparagraph (A) of this paragraph, the amount of the

underpayment shall be the excess of:

"(i) For purposes of subparagraph (A) of this paragraph, the amount of the underpayment shall be the excess of:

"(I) The amount of the installment which would be required to be paid if the estimated tax were equal to 90% of the tax shown on the return for the taxable year or, if no return was filed, 90% of the tax for such year; over

"(II) The amount, if any, of the installment paid on or before the last date prescribed for payment.

"(ii) Every financial institution required to file a gross earnings tax return and a franchise tax return during the 3-year transition period described in § 47-2507(b)(2) shall calculate the amount of underpayment for each such taxable year in accordance with § 47-2507(b)(3)(B).

"(C) *Period of underpayment.* -- (i) The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier:

"(I) The 15th day of the 4th month following the close of the taxable year; or

"(II) With respect to any portion of the underpayment, the date on which such portion is paid.

"(ii) Every financial institution required to file a gross earnings tax return and a franchise tax return for the 3-year transition period described in § 47-2507(b)(2) shall calculate the amount of underpayment for each such taxable year in accordance with § 47-2507(b)(3)(B).

"(2) For purposes of subparagraphs (C) and (D) of paragraph (1) of this subsection, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under paragraph (1)(B)(i) of this subsection for such installment date.

"(c) *Overpayment.* -- Overpayment resulting from the payment of estimated tax for a taxable year in excess of the amount determined to be due upon the filing of a franchise tax return for such taxable year may be credited against the amount of estimated tax determined to be due on any declaration filed for the next succeeding taxable year or for any deficiency or nonpayment of tax for any previous taxable year. No refund shall be made of any estimated tax paid unless a complete return is filed."

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 3-95, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 4-130, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 5-113, see Historical and Statutory Notes following § 47-1807.01.

Law 5-159, the "End of Session Technical Amendments Act of 1984," was introduced in Council and assigned Bill No. 5-540, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 20, 1984 and December 4, 1984, respectively. Signed by the Mayor on December 10, 1984, it was assigned Act No. 5-224 and transmitted to both Houses of Congress for its review.

Law 6-209, the "Tax Amnesty Act of 1986," was introduced in Council and assigned Bill No. 6-398, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 25, 1986 and December 16, 1986 respectively. Signed by the Mayor on January 8, 1987, it was assigned Act No. 6-269 and transmitted to both Houses of Congress for its review.

For Law 13-305, see notes under § 47-901.

#### *Effective Dates*

Section 601(b) of D.C. Law 6-209 provided that title III and sections 401, 402, 404, 405 and 406 of the act shall take effect on October 1, 1987.

#### *Miscellaneous Notes*

Mayor authorized to issue rules: See second paragraph of note to § 47-2601.

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (j), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh) through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

## **§ 47-1812.15. "PERSON" DEFINED.[REPEALED]**

(July 16, 1947, 61 Stat. 356, ch. 258, art. I, title XII, § 14; Oct. 31, 1969, 83 Stat. 177, Pub. L. 91-106, title VI, § 603(a); Sept. 13, 1980, D.C. Law 3-95, § 108, 27 DCR 3509; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(cc)(2), 48 DCR 334.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1812.15.

1973 Ed., § 47-1586m.

*Legislative History of Laws*

For legislative history of D.C. Law 3-95, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

*Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

**§ 47-1812.16. COLLECTION BY MAYOR.[REPEALED]**

(July 16, 1947, 61 Stat. 356, ch. 258, art. I, title XII, § 15; Oct. 31, 1969, 83 Stat. 177, Pub. L. 91-106, title VI, § 603(a); Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 21, 1988, D.C. Law 7-141, § 2(g), 35 DCR 5398; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(cc)(2), 48 DCR 334.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1812.16.

1973 Ed., § 47-1586n.

*Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 7-141, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

*Miscellaneous Notes*

Section 410(e) of D.C. Law 13-305 provides: "Section 406(b), (d), (f), (l), (n), (o), (r), (v), (x) through (aa), (cc), (ff), (gg), (ll), (pp), (vv), (ww), (aaa), (ccc), (eee), and (ggg) shall apply as of January 1, 2001."

**§ 47-1812.17. FURNISHING COPY OF FEDERAL RETURN.**

For the purpose of determining the liability of any person under this chapter and the extent of such liability, the Mayor may require the taxpayer to furnish the District with a true and correct copy of such person's federal income tax return, and a copy of any federal partnership return with respect to any or all partnerships in which the taxpayer has a proprietary interest, for any taxable year, and a reconciliation of such return with the taxpayer's District return for such taxable year.

(June 11, 1982, D.C. Law 4-118, § 202, 29 DCR 1770; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1812.17.

*Legislative History of Laws*

For legislative history of D.C. Law 4-118, see Historical and Statutory Notes following § 47-1801.01a.

**SUBCHAPTER XIII. PENALTIES AND  
INTEREST.[REPEALED]**

**§ 47-1813.01. ADDITIONS TO TAX--DELINQUENCIES.[REPEALED]**

(July 16, 1947, 61 Stat. 356, ch. 258, art. I, title XIII, § 1; Mar. 31, 1956, 70 Stat. 79, ch. 154, § 13; Aug. 2,

1968, 82 Stat. 612, Pub. L. 90-450, title II, § 203(b); 1973, Ed., § 47-1589; Oct. 21, 1975, D.C. Law 1-23, title VI, § 607, 22 DCR 2113; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-92, § 503(a), 27 DCR 3390; July 24, 1982, D.C. Law 4-131, § 108(a), (b), 29 DCR 2418; Sept. 26, 1984, D.C. Law 5-113, § 302(d), 31 DCR 3974; Feb. 28, 1987, D.C. Law 6-209, § 404(b), 34 DCR 689; Oct. 1, 1987, D.C. Law 7-29, § 2(m), 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(dd)(2), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1813.1.

##### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 5-113, see Historical and Statutory Notes following § 47-1807.01.

For legislative history of D.C. Law 6-209, see Historical and Statutory Notes following § 47-1812.14.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

For Law 13-305, see notes under § 47-901.

##### *Effective Dates*

Section 601(b) of D.C. Law 6-209 provided that title III and sections 401, 402, 404, 405 and 406 of the act shall take effect on October 1, 1987.

##### *Miscellaneous Notes*

Mayor authorized to issue rules: See second paragraph of note to § 47-2601.

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (j), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh) through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

## **§ 47-1813.02. ADDITIONS TO TAX--INTEREST ON DEFICIENCIES.[REPEALED]**

(July 16, 1947, 61 Stat. 356, ch. 258, art. I, title XIII, § 2; Mar. 31, 1956, 70 Stat. 79, ch. 154, § 14; Oct. 21, 1975, D.C. Law 1-23, title VI, § 606, 22 DCR 2113; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-92, § 503(b), 27 DCR 3390; Feb. 28, 1987, D.C. Law 6-209, § 404(c), 34 DCR 689; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(dd)(2), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1813.2.

1973 Ed., § 47-1589a.

##### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 6-209, see Historical and Statutory Notes following § 47-1812.14.

For Law 13-305, see notes under § 47-901.

##### *Effective Dates*

Section 601(b) of D.C. Law 6-209 provided that title III and sections 401, 402, 404, 405 and 406 of the act shall take effect on October 1, 1987.

##### *Miscellaneous Notes*

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (j), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh)

through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

### **§ 47-1813.03. ADDITIONS TO TAX--FRAUD.[REPEALED]**

(July 16, 1947, 61 Stat. 356, ch. 258, art. I, title XIII, § 3; Feb. 28, 1987, D.C. Law 6-209, § 404(d), 34 DCR 689; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(dd)(2), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1813.3.

1973 Ed., § 47-1589b.

##### *Legislative History of Laws*

For legislative history of D.C. Law 6-209, see Historical and Statutory Notes following § 47-1812.14.

For Law 13-305, see notes under § 47-901.

##### *Effective Dates*

Section 601(b) of D.C. Law 6-209 provided that title III and sections 401, 402, 404, 405 and 406 of the act shall take effect on October 1, 1987.

##### *Miscellaneous Notes*

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (j), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh) through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

### **§ 47-1813.04. ADDITIONS TO TAX--NONPAYMENTS.[REPEALED]**

(July 16, 1947, 61 Stat. 357, ch. 258, art. I, title XIII, § 4; Mar. 31, 1956, 70 Stat. 79, ch. 154, § 14; Oct. 21, 1975, D.C. Law 1-23, title VI, § 606, 22 DCR 2113; Sept. 13, 1980, D.C. Law 3-92, § 503(c), 27 DCR 3390; Feb. 28, 1987, D.C. Law 6-209, § 404(e), 34 DCR 689; Sept. 21, 1988, D.C. Law 7-141, § 2(k), 35 DCR 5398; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Mar. 24, 1998, D.C. Law 12-81, § 59(f), 45 DCR 745; June 9, 2001, D.C. Law 13-305, § 406(dd)(2), 48 DCR 334.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1813.4.

1973 Ed., § 47-1589c.

##### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 6-209, see Historical and Statutory Notes following § 47-1812.14.

For legislative history of D.C. Law 7-141, see Historical and Statutory Notes following § 47-1801.04.

Law 12-81, the "Technical Amendments Act of 1998," was introduced in Council and assigned Bill No. 12-408, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on November 4, 1997, and December 4, 1997, respectively. Signed by the Mayor on December 22, 1997, it was assigned Act No. 12-246 and transmitted to both Houses of Congress for its review. D.C. Law 12-81 became effective on March 24, 1998.

For Law 13-305, see notes under § 47-901.

##### *Effective Dates*

Section 601(b) of D.C. Law 6-209 provided that title III and sections 401, 402, 404, 405 and 406 of the act shall take effect on October 1, 1987.

##### *Miscellaneous Notes*

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (j), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh) through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

## **§ 47-1813.05. ADDITIONS TO TAX--PAYMENT EXTENSIONS.[REPEALED]**

(July 16, 1947, 61 Stat. 357, ch. 258, art. I, title XIII, § 5; Mar. 31, 1956, 70 Stat. 79, ch. 154, § 14; Oct. 21, 1975, D.C. Law 1-23, title VI, § 606, 22 DCR 2113; Sept. 13, 1980, D.C. Law 3-92, § 503(d), 27 DCR 3390; Sept. 21, 1988, D.C. Law 7-141, § 2(i), 35 DCR 5398; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(dd)(2), 48 DCR 334.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1813.5.

1973 Ed., § 47-1589d.

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-23, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For legislative history of D.C. Law 7-141, see Historical and Statutory Notes following § 47-1801.04.

For Law 13-305, see notes under § 47-901.

#### *Miscellaneous Notes*

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (j), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh) through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

## **§ 47-1813.06. VIOLATIONS.[REPEALED]**

(July 16, 1947, 61 Stat. 357, ch. 258, art. I, title XIII, § 6; July 8, 1963, 77 Stat. 77, Pub. L. 88-60, § 1; July 29, 1970, 84 Stat. 570, Pub. L. 91-358, title I, § 155(a); Apr. 19, 1977, D.C. Law 1-124, title IV, § 401(e), 23 DCR 8749; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Oct. 4, 2000, D.C. Law 13-204, § 2(c), 47 DCR 5799.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1813.6.

1973 Ed., § 47-1589e.

#### *Legislative History of Laws*

For legislative history of D.C. Law 1-124, see Historical and Statutory Notes following § 47-1803.02.

Law 13-204, the "Criminal Tax Reorganization Act of 2000", was introduced in Council and assigned Bill No. 13-299, which was referred to the Committee on the Judiciary. The Bill was adopted on first and second readings on May 3, 2000, and June 6, 2000, respectively. Signed by the Mayor on June 22, 2000, it was assigned Act No. 13-359 and transmitted to both Houses of Congress for its review. D.C. Law 13-204 became effective on October 4, 2000.

## **§ 47-1813.07. APPLICATION OF SUBCHAPTER.[REPEALED]**

(Sept. 13, 1980, D.C. Law 3-92, § 504, 27 DCR 3390; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 9, 2001, D.C. Law 13-305, § 406(ee)(2), 48 DCR 334.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Prior Codifications*

1981 Ed., § 47-1813.7.

#### *Legislative History of Laws*

For legislative history of D.C. Law 3-92, see Historical and Statutory Notes following § 47-1803.03.

For Law 13-305, see notes under § 47-901.

#### *Miscellaneous Notes*

Section 410(d) of D.C. Law 13-305 provides: "Section 406(a), (c), (i), (m), (p), (q), (s), (w), (bb), (dd), (ee), (hh)

through (kk), (mm) through (oo), (qq) through (uu), (yy), (zz), (bbb), (ddd), and (fff) shall apply for all tax years or taxable periods beginning after December 31, 2000."

## **SUBCHAPTER XIV. LICENSES.[REPEALED]**

### **§ 47-1814.01. REQUIREMENT FOR A PROFESSIONAL LICENSE.[REPEALED]**

(July 16, 1947, 61 Stat. 357, ch. 258, art. I, title XIV, § 1; May 27, 1949, 63 Stat. 133, ch. 146, title IV, § 419; Mar. 31, 1956, 70 Stat. 79, ch. 154, § 15; Sept. 4, 1957, 71 Stat. 606, Pub. L. 85-281, § 7; Oct. 31, 1969, 83 Stat. 179, Pub. L. 91-106, title VI, § 604(b)(1); 1973 Ed., § 47-1591; Apr. 19, 1977, D.C. Law 1-124, title IV, § 401(f), 23 DCR 8749; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; June 22, 1983, D.C. Law 5-14, § 904, 30 DCR 2632; Sept. 10, 1992, D.C. Law 9-145, § 103(a), 39 DCR 4895; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1814.1.

1973 Ed., § 47-1591.

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(a) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

##### *Legislative History of Laws*

For legislative history of D.C. Law 1-124, see Historical and Statutory Notes following § 47-1803.02.

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 5-14, see Historical and Statutory Notes following § 47-1807.02.

For legislative history of D.C. Law 9-145, see Historical and Statutory Notes following § 47-1814.01a.

Law 12-261, the "Second Omnibus Regulatory Reform Amendment Act of 1998," was introduced in Council and assigned Bill No. 12-845, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on December 1, 1998, and December 15, 1998, respectively. Signed by the Mayor on December 31, 1998, it was assigned Act No. 12-615 and transmitted to both Houses of Congress for its review. D.C. Law 12-261 became effective on April 20, 1999.

##### *Delegation of Authority*

Delegation of authority under Law 5-14, see Mayor's Order 83-190, July 25, 1983.

##### *Miscellaneous Notes*

Mayor authorized to issue rules: Section 1102 of D.C. Law 5-14 provided that the Mayor shall issue rules necessary to carry out the provisions of the act.

### **§ 47-1814.01A. PERSONS ENGAGING IN A PROFESSION.[REPEALED]**

(June 16, 1947, ch. 258, art. I, title XIV, § 1a, as added Sept. 10, 1992, D.C. Law 9-145, § 103(b), 39 DCR 4895; Oct. 7, 1992, D.C. Law 9-177, § 9, 39 DCR 5868; Sept. 30, 1993, D.C. Law 10-25, § 110, 40 DCR 5489; Feb. 5, 1994, D.C. Law 10-68, § 45, 40 DCR 6311; Sept. 24, 1994, D.C. Law 10-179, § 2, 41 DCR 5210; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1814.1a.

##### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(b) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

For temporary (225 day) amendment of section, see § 110 of Omnibus Budget Support Temporary Act of 1993 (D.C. Law 10-11, August 6, 1993, law notification 40 DCR 6213).

Law 9-145, the "Omnibus Budget Support Act of 1992," was introduced in Council and assigned Bill No. 9-222, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on May 12, 1992, and June 2, 1992, respectively. Approved without the signature of the Mayor on June 22, 1992, it was assigned Act No. 9-225 and transmitted to both Houses of Congress for its review. D.C. Law 9-145 became effective on September 10, 1992.

Law 9-177, the "Real Property Tax Rates for the Tax Year 1993 and Real Property Tax Revision and Reclassification Amendment Act of 1992," was introduced in Council and assigned Bill No. 9-563, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 23, 1992, and July 7, 1992, respectively. Signed by the Mayor on July 28, 1992, it was assigned Act No. 9-283 and transmitted to both Houses of Congress for its review. D.C. Law 9-177 became effective on October 7, 1992.

Law 10-25, the "Omnibus Budget Support Act of 1993," was introduced in Council and assigned Bill No. 10-165, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 1, 1993, and June 29, 1993, respectively. Signed by the Mayor on July 16, 1993, it was assigned Act No. 10-57 and transmitted to both Houses of Congress for its review. D.C. Law 10-25 became effective on September 30, 1993.

Law 10-68, the "Technical Amendments Act of 1993," was introduced in Council and assigned Bill No. 10-166, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 29, 1993, and July 13, 1993, respectively. Signed by the Mayor on August 23, 1993, it was assigned Act No. 10-107 and transmitted to both Houses of Congress for its review. D.C. Law 10-68 became effective on February 5, 1994.

Law 10-179, the "Professional License Fee Amendment Act of 1994," was introduced in Council and assigned Bill No. 10-83, which was referred to the Committee of the Whole. The Bill was adopted on first and second readings on June 21, 1994, and July 5, 1994, respectively. Signed by the Mayor on July 26, 1994, it was assigned Act No. 10-304 and transmitted to both Houses of Congress for its review. D.C. Law 10-179 became effective on September 24, 1994.

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01a.

*Editor's Notes*

D.C. Law 12-236, effective April 17, 1999, had amended § 47-1814.01a.

## **§ 47-1814.02. PERSONS ENGAGING IN A PROFESSION-- DURATION.[REPEALED]**

(July 16, 1947, 61 Stat. 358, ch. 258, art. I, title XIV, § 2; Mar. 31, 1956, 70 Stat. 80, ch. 154, § 16; 1973 Ed., § 47-1591a; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1814.2.

1973 Ed., § 47-1591a.

*Legislative History of Laws*

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01.

## **§ 47-1814.03. PERSONS ENGAGING IN A PROFESSION--POSTING FOR INSPECTION.[REPEALED]**

(July 16, 1947, 61 Stat. 358, ch. 258, art. I, title XIV, § 3; Mar. 31, 1956, 70 Stat. 80, ch. 154, § 17; 1973 Ed., § 47-1591b; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1814.3.

1973 Ed., § 47-1591b.

*Legislative History of Laws*

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01.



#### **§ 47-1814.04. PERSONS ENGAGING IN A PROFESSION-- REVOCATION.[REPEALED]**

(July 16, 1947, 61 Stat. 358, ch. 258, art. I, title XIV, § 5; 1973 Ed., § 103(c), 39 DCR 47-1591d; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 10, 1992, D.C. Law 9-145, § 103(c), 39 DCR 4895; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

##### *HISTORICAL AND STATUTORY NOTES*

###### *Prior Codifications*

1981 Ed., § 47-1814.4.

1973 Ed., § 103(c), 39 DCR 47-1591d.

###### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(c) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

###### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 9-145, see Historical and Statutory Notes following § 47-1814.01a.

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01.

#### **§ 47-1814.05. PERSONS ENGAGING IN A PROFESSION-- RENEWAL.[REPEALED]**

(July 16, 1947, 61 Stat. 358, ch. 258, art. I, title XIV, § 6; 1973 Ed., § 47- 1591e; Mar. 6, 1979, D.C. Law 2-158, § 4, 25 DCR 7002; Sept. 10, 1992, D.C. Law 9-145, § 103(d), 39 DCR 4895; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

##### *HISTORICAL AND STATUTORY NOTES*

###### *Prior Codifications*

1981 Ed., § 47-1814.5.

1973 Ed., § 47-1591e.

###### *Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(d) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

###### *Legislative History of Laws*

For legislative history of D.C. Law 2-158, see Historical and Statutory Notes following § 47-1801.04.

For legislative history of D.C. Law 9-134, see Historical and Statutory Notes following § 47-1814.01a.

For legislative history of D.C. Law 9-145, see Historical and Statutory Notes following § 47-1814.01a.

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01.

#### **§ 47-1814.06. PERSONS ENGAGING IN A PROFESSION--FAILURE TO OBTAIN.[REPEALED]**

(July 16, 1947, 61 Stat. 358, ch. 258, art. I, title XIV, § 7; Mar. 31, 1956, 70 Stat. 80, ch. 154, § 18; July 8, 1963, 77 Stat. 77, Pub. L. 88-60, § 1; Oct. 31, 1969, 83 Stat. 179, Pub. L. 91-106, § 604(b)(2); July 29, 1970, 84 Stat. 570, Pub. L. 91-358, title I, § 155(a); 1973 Ed., § 47- 1591f; Sept. 10, 1992, D.C. Law 9-145, § 103(e), 39 DCR 4895; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

##### *HISTORICAL AND STATUTORY NOTES*

###### *Prior Codifications*

1981 Ed., § 47-1814.6.

1973 Ed., § 47-1591f.

*Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(d) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

*Legislative History of Laws*

For legislative history of D.C. Law 9-145, see Historical and Statutory Notes following § 47-1814.01a.

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01.

**§ 47-1814.07. CERTAIN SUITS FORBIDDEN.[REPEALED]**

(July 16, 1947, ch. 258, art. I, title XIV, § 8, as added Sept. 10, 1992, D.C. Law 9-145, § 103(f), 39 DCR 4895; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1814.7.

*Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(f) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

*Legislative History of Laws*

For legislative history of D.C. Law 9-145, see Historical and Statutory Notes following § 47-1814.01a.

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01.

**§ 47-1814.08. RULEMAKING.[REPEALED]**

(July 16, 1947, ch. 258, art. I, title XIV, § 9, as added Sept. 10, 1992, D.C. Law 9-145, § 103(f), 39 DCR 4895; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1814.8.

*Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(f) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

*Legislative History of Laws*

For legislative history of D.C. Law 9-145, see Historical and Statutory Notes following § 47-1814.01a.

For legislative history of D.C. Law 12-261, see Historical and Statutory Notes following § 47-1814.01.

**§ 47-1814.09. APPLICABILITY PROVISIONS.[REPEALED]**

(July 16, 1947, ch. 258, art. I, title XIV, § 9, as added Sept. 10, 1992, D.C. Law 9-145, § 103(f), 39 DCR 4895; enacted, Apr. 9, 1997, D.C. Law 11- 254, § 2, 44 DCR 1575; Apr. 20, 1999, D.C. Law 12-261, § 1243(b), 46 DCR 3142.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1814.9.

*Temporary Amendments of Section*

For temporary (225 day) amendment of section, see § 107(f) of Omnibus Budget Support Temporary Act of 1992 (D.C. Law 9-134, July 23, 1992, law notification 39 DCR 5815).

*Legislative History of Laws*

For legislative history of D.C. Law 9-145, see Historical and Statutory Notes following § 47-1814.01a.

## **SUBCHAPTER XV. APPEAL.**

### **§ 47-1815.01. RIGHT OF AGGRIEVED PERSONS TO JUDICIAL APPEAL.**

Any person aggrieved by any assessment of a deficiency in tax determined and assessed by the Mayor under the provisions of § 47-1812.05 and any person aggrieved by the denial of any claim for refund made under the provisions of § 47-1812.11 may, within 6 months from the date of the assessment of the deficiency or from the date of the denial of a claim for refund, as the case may be, appeal to the Superior Court of the District of Columbia, in the same manner and to the same extent as set forth in §§ 47-3303, 47-3304, 47-3306, to 47-3308.

(July 16, 1947, 61 Stat. 359, ch. 258, art. I, title XV, § 1; July 29, 1970, 84 Stat. 582, Pub. L. 91-358, title I, §§ 156(f), 161(k); enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1815.1.

1973 Ed., § 47-1593.

## **SUBCHAPTER XVI. RULES AND REGULATIONS.**

### **§ 47-1816.01. RULES AND REGULATIONS--TAX PROVISIONS.**

Unless otherwise provided, the Mayor shall prescribe such rules and regulations as the Mayor deems necessary to carry out the provisions of this chapter.

(July 16, 1947, 61 Stat. 359, ch. 258, art. I, title XVI, § 1; July 24, 1982, D.C. Law 4-131, § 107, 29 DCR 2418; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1816.1.

1973 Ed., § 47-1595.

##### *Legislative History of Laws*

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

##### *Delegation of Authority*

Delegation of authority under Law 5-32, see Mayor's Order 83-268, November 16, 1983.

##### *Miscellaneous Notes*

Mayor authorized to issue rules and regulations: Section 201 of D.C. Law 4-118 provided that the "Mayor may prescribe such rules and regulations as the Mayor deems necessary to carry out the provisions of the District of Columbia Individuals, Estates, and Trusts Federal Conformity Tax Act of 1982."

Mayor authorized to issue rules and regulations: Section 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provisions of the act.

### **§ 47-1816.02. RULES AND REGULATIONS--REVENUE ACT OF 1956.**

The Mayor is authorized to make rules and regulations to carry out the provisions of this Act.

(Mar. 31, 1956, 70 Stat. 84, ch. 154, title VI, § 601; July 24, 1982, D.C. Law 4-131, § 108(a), (b), 29 DCR 2418; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 47-1816.2.

1973 Ed., § 47-1595a.

For legislative history of D.C. Law 4-131, see Historical and Statutory Notes following § 47-1801.04.

*References in Text*

"This Act," referred to in this section, is 70 Stat. 71, ch. 154, approved March 31, 1956.

**§ 47-1816.03. REPORT BY MAYOR CONCERNING AMENDMENT, REPEAL, OR REPLACEMENT OF INTERNAL REVENUE CODE.**

(a) Within 90 days after any amendment, repeal, or replacement of the Internal Revenue Code of 1986, as that term is defined in § 47-1801.04(28A), the Mayor shall report to the Council of the District of Columbia concerning the amendment, repeal, or replacement. The report shall include, but not be limited to, an analysis of the impact of conformity to the amendment, repeal, or replacement on District of Columbia taxpayers, and on District of Columbia government revenues for 5 years thereafter, and a recommendation as to whether any change in District of Columbia law should be made as a result of the amendment, repeal, or replacement. The Mayor shall publish the report in the District of Columbia Register.

(b) On or before July 1, 1988, the Mayor shall report to Council concerning taxpayers whose tax liability exceeds the amount by which their taxable income exceeds the tax threshold, as defined in § 47-1806.04(e). The report shall include:

- (1) An assessment of the number and income levels of the taxpayers affected;
- (2) Methods for, and the revenue impact of eliminating these tax liabilities; and
- (3) The Mayor's recommendation as to what action, if any, should be taken.

(Oct. 8, 1983, D.C. Law 5-32, § 8, 30 DCR 4013; Oct. 1, 1987, D.C. Law 7-29, § 3, 34 DCR 5097; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; June 24, 2000, D.C. Law 13-126, § 3, 47 DCR 2643.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 47-1816.3.

*Effect of Amendments*

D.C. Law 13-126, in subsec. (a) substituted "§ 47-1801.4(28A)" for "§ 47-1801.4(28)", and added "The Mayor shall publish the report in the District of Columbia Register".

*Emergency Act Amendments*

For temporary (90-day) amendment of section, see § 3 of the Tax Conformity Congressional Review Emergency Act of 2000 (D.C. Act 13-330, May 9, 2000, 47 DCR 4361).

*Legislative History of Laws*

Law 5-32, the "District of Columbia Income and Franchise Tax Conformity Act of 1983," was introduced in Council and assigned Bill No. 5-103, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on June 28, 1983 and July 12, 1983, respectively. Signed by the Mayor on July 21, 1983, it was assigned Act No. 5-54 and transmitted to both Houses of Congress for its review.

For legislative history of D.C. Law 7-29, see Historical and Statutory Notes following § 47-1801.01a.

Law 13-126, the "Tax Conformity Act of 2000," was introduced in Council and assigned Bill No. 13-86, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on February 1, 2000, and March 7, 2000, respectively. Signed by the Mayor on March 22, 2000, it was assigned Act No. 13-296 and transmitted to both Houses of Congress for its review. D.C. Law 13-126 became effective on June 24, 2000.

*Miscellaneous Notes*

Mayor authorized to issue regulations: Section 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provisions of the act.

**SUBCHAPTER XVII. QUALIFIED HIGH  
TECHNOLOGY COMPANIES.**

## **§ 47-1817.01. DEFINITIONS.**

For the purposes of this chapter, the term:

(1)(A) "Qualified asset" means a:

- (i) Qualified stock;
- (ii) Qualified partnership interest; or
- (iii) Qualified business property.

(B) A qualified asset shall include property which was a qualified asset in the hands of a prior holder.

(2)(A) "Qualified business property" means tangible property if:

- (i) The property was acquired by the taxpayer by purchase, as defined in section 179(d)(2) of the Internal Revenue Code of 1986, after December 31, 2000;
- (ii) The original use of the property commences with the taxpayer; and
- (iii) Substantially all of the use of the property was in a Qualified High Technology Company.

(B) This paragraph shall apply to real property which is substantially improved by the taxpayer before January 1, 2003, and any land on which the property is located.

(C) For the purposes of subparagraph (B) of this paragraph, real property shall be substantially improved by the taxpayer if, during any 24-month period beginning after December 31, 2000:

- (i) Additions to basis with respect to the property in the hands of the taxpayer exceed the greater of:
  - (I) An amount equal to the adjusted basis of the property at the beginning of the 24-month period in the hands of the taxpayer; or
  - (II) \$5,000; and
- (ii) At least 51% of the additions to basis represent improvements which facilitate the conduct of a Qualified High Technology Company on the premises, including improvements to electrical wiring or telecommunications facilities serving the building.

(3) "Qualified capital gain" means gain recognized on the sale or exchange of a capital asset or property used in a trade or business, as defined in § 47- 1801.04. The term "qualified capital gain" shall not include gain which is:

- (A) Treated as ordinary income under sections 1245 or 1250 of the Internal Revenue Code of 1986 if section 1250 applied to all depreciation rather than additional depreciation;
- (B) Attributable to real property or an intangible asset which is not an integral part of a Qualified High Technology Company's business operations in the District; or
- (C) Attributable, directly or indirectly, in whole or in part, to a transaction with a related person.

(4) "Qualified employee" means a person who is employed in the District by a Qualified High Technology Company.

(5)(A) "Qualified High Technology Company" means:

- (i) An individual or entity organized for profit and maintaining an office, headquarters, or base of operations in the District of Columbia;
- (ii) Having 2 or more employees; and
- (iii) Deriving at least 51% of its gross revenues from:
  - (I) Internet-related services and sales, including website design, maintenance, hosting, or operation; Internet-related training, consulting, advertising, or promotion services; the development, rental, lease, or sale of Internet-related applications, connectivity, or digital content; or products and services that may be considered e-commerce;
  - (II) Information and communication technologies, equipment and systems that involve advanced computer software and hardware, data processing, visualization technologies, or human interface technologies, whether deployed on the Internet or other electronic or digital media. Such technologies shall include operating and applications software; Internet-related services, including design, strategic planning, deployment, and management services and artificial intelligence; computer modeling and simulation; high-level software languages; neural networks; processor architecture; animation and full-motion video; graphics hardware and software; speech and optical character recognition; high-volume information storage and retrieval; data compression; and multiplexing, digital signal processing, and spectrum technologies;
  - (III) Advanced materials and processing technologies that involve the development,

modification, or improvement of one or more materials or methods to produce devices and structures with improved performance characteristics or special functional attributes, or to activate, speed up, or otherwise alter chemical, biochemical, or medical processes. Such materials and technologies shall include metal alloys; metal matrix and ceramic composites; advanced polymers; thin films; membranes; superconductors; electronic and photonic materials; bioactive materials; bioprocessing; genetic engineering; catalysts; waste emissions reduction; pharmaceuticals; and waste processing technologies;

(IV) Engineering, production, biotechnology and defense technologies that involve knowledge-based control systems and architectures; advanced fabrication and design processes, equipment, and tools; or propulsion, navigation, guidance, nautical, aeronautical and astronautical ground and airborne systems, instruments, and equipment. Such technologies shall include: computer-aided design and engineering; computer-integrated manufacturing; robotics and automated equipment; integrated circuit fabrication and test equipment; sensors; biosensors; signal and image processing; medical and scientific instruments; precision machining and forming; biological and genetic research equipment; environmental analysis, remediation, control, and prevention equipment; defense command and control equipment; avionics and controls; guided missile and space vehicle propulsion units; military aircraft; space vehicles; and surveillance, tracking, and defense warning systems; or

(V) Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content. Such technologies shall include microprocessors; logic chips; memory chips; lasers; printed circuit board technology; electroluminescent, liquid crystal, plasma, and vacuum fluorescent displays; optical fibers; magnetic and optical information storage; optical instruments, lenses, and filters; simplex and duplex data bases; and solar cells.

(B) "Qualified High Technology Company" shall not include:

(i) An individual or entity that derives 51% or more of its gross revenues from the operation in the District of:

(I) A retail store; or

(II) An electronic equipment facility that is primarily occupied, or intended to be occupied, by electronic and computer equipment that provides electronic data switching, transmission, or telecommunication functions between computers, both inside and outside the facility;

(ii) A professional athletic team, as defined in § 47-2002.05(a)(3); or

(iii) A business entity located in the DC Ballpark TIF Area, as defined in [§ 2-1217.12a(a)].

(6) "Qualified partnership interest" means a capital or profits interest in a partnership, formed under the laws of the District of Columbia or any state of the United States of America, which is originally issued after December 31, 2000, if:

(A) The interest is acquired by the taxpayer from the partnership solely in exchange for cash;

(B) On the date of acquisition, the partnership was a Qualified High Technology Company (or, in the case of a new partnership, the partnership was organized for purposes which would qualify it as a Qualified High Technology Company); and

(C) During substantially all of the taxpayer's holding period for the interest, the partnership qualified as a Qualified High Technology Company.

(7) "Qualified stock" means stock in a corporation, formed under the laws of the District of Columbia or any state of the United States of America, which is originally issued after December 31, 2000, if:

(A) The stock is originally issued to the taxpayer, directly or through an underwriter, solely in exchange for cash;

(B) On the date of issuance, the corporation was a Qualified High Technology Company (or, in the case of a new corporation, the corporation was being organized for purposes which would qualify it as a Qualified High Technology Company); and

(C) During substantially all of the taxpayer's holding period for the stock, the corporation qualified as a Qualified High Technology Company.

(Apr. 3, 2001, D.C. Law 13-256, § 101(a)(2), 48 DCR 730; Apr. 8, 2005, D.C. Law 15-320, § 110(c), 52 DCR 1757.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 15-320 rewrote par. (5)(B) which had read:

"(B) 'Qualified High Technology Company' shall not include an individual or entity that derives 51% or more of its gross revenues from the operation in the District of:

"(i) A retail store; or

"(ii) An electronic equipment facility that is primarily occupied, or intended to be occupied, by electronic and computer equipment that provides electronic data switching, transmission, or telecommunication functions between computers, both inside and outside the facility."

#### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 201(a) of Ballpark Omnibus Financing and Revenue Tax Provisions Emergency Amendment Act of 2004 (D.C. Act 15-719, January 4, 2005, 52 DCR 1790).

For temporary (90 day) amendment of section, see § 201(a) of Ballpark Omnibus Financing and Revenue Tax Provisions Congressional Review Emergency Act of 2005 (D.C. Act 16-25, February 17, 2005, 52 DCR 2981).

#### *Legislative History of Laws*

Law 13-256, the "New E-Conomy Transformation Act of 2000", was introduced in Council and assigned Bill No. 13-752, which was referred to the Committee on Finance and Revenue. The Bill was adopted on first and second readings on November 8, 2000, and December 5, 2000, respectively. Signed by the Mayor on December 21, 2000, it was assigned Act No. 13-543 and transmitted to both Houses of Congress for its review. D.C. Law 13-256 became effective on April 3, 2001.

For Law 15-320, see notes following § 47-368.03.

### **§ 47-1817.01A. ALTERNATIVE METHOD TO DETERMINE A QUALIFIED HIGH TECHNOLOGY COMPANY STATUS.**

(a) If the accounting method used by the taxpayer for income tax purposes does not readily permit the verification of revenue for the purposes of determining the status of a corporation as a Qualified High Technology Company, the taxpayer may petition for, or the Chief Financial Officer may employ, a cost of performance method as described in subsection (b) of this section, which method is intended to function in the same manner as § 47-441.

(b) To be certified as a Qualified High Technology Company, a corporation may provide:

(1) An analysis of the operations of the business that identifies the functions of the business in broad categories and specifically identifies those activities within each category that meet the definition of a Qualified High Technology Company;

(2) Evidence of the costs associated with each activity identified as a Qualified High Technology Company activity, consistent with industry standards; and

(3) An income calculation determined by multiplying the total gross revenue reported on its District franchise tax return as total gross income by a fraction, the numerator of which is the total expenses of all Qualified High Technology Company activities and the denominator of which is the total expenses claimed on the current District franchise tax return as total deduction.

(c) If the amount determined in subsection (b) of this section is 51% or more of total gross revenue, the taxpayer shall be certified as a Qualified High Technology Company.

(d) The final approval to grant an alternative method for determining a Qualified High Technology Company shall rest with the Chief Financial Officer and the approval shall not be unreasonably withheld.

(Dec. 7, 2004, D.C. Law 15-205, § 1082(b), 51 DCR 8441.)

#### *HISTORICAL AND STATUTORY NOTES*

#### *Emergency Act Amendments*

For temporary (90 day) addition, see § 1082(b) of Fiscal Year 2005 Budget Support Emergency Act of 2004 (D.C. Act 15-486, August 2, 2004, 51 DCR 8236).

For temporary (90 day) addition, see § 1082(b) of Fiscal Year 2005 Budget Support Congressional Review Emergency Act of 2004 (D.C. Act 15-594, October 26, 2004, 51 DCR 11725).

#### *Legislative History of Laws*

For Law 15-205, see notes following § 47-903.

#### *Miscellaneous Notes*

Short title of subtitle H of title I of Law 15-205: Section 1081 of D.C. Law 15-205 provided that subtitle H of title I of the act may be cited as the New E-Conomy Refinement Act of 2004.

Applicability of subtitle H of title I of Law 15-205: Section 1083 of D.C. Law 15-205 provides:

"This subtitle shall apply as of January 1, 2004."

## **§ 47-1817.02. TAX CREDIT FOR QUALIFIED HIGH TECHNOLOGY COMPANY EMPLOYMENT RELOCATION COSTS; EXCEPTIONS.**

(a) For the purposes of this section, the term "relocation costs" means amounts paid to, or on behalf of, a qualified employee:

- (1) For reimbursement of actual moving expenses; or
- (2) To assist the employee in financing the purchase of a residence, or the required security deposit or lease payments for the first 12 months of a lease for a residence under a lease of at least one year, which purchase or lease is entered into after December 31, 2000.

(b)(1) Except as provided in subsection (c) of this section, for taxable years beginning after December 31, 2000, a Qualified High Technology Company shall be allowed a credit not to exceed:

(A) \$5,000 against the tax imposed by § 47-1817.06 for the relocation costs for each qualified employee relocated to the District from a location outside the District; or

(B) \$7,500 against the tax imposed by § 47-1817.06 for the relocation costs for each qualified employee relocated to the District from a location outside the District, which employee also relocates his or her principal residence into the District.

(2) The credit may be claimed for costs incurred after December 31, 2000, in connection with qualified employees relocated to the District after that date.

(c)(1) The annual credit under subsection (b) of this section shall not exceed, in the aggregate:

(A) \$250,000 for the credit allowed under subsection (b)(1)(A) of this section; and

(B) \$1,000,000 for the credit allowed under subsection (b)(1)(B) of this section.

(2) The credit under subsection (b) of this section shall not be allowed:

(A) Until the Qualified High Technology Company relocates at least 2 qualified employees into the District;

(B) Until the Qualified High Technology Company has employed the qualified employee for at least 6 months in the District;

(C) As a credit for employees who work less than 35 hours per week;

(D) If the qualified employee is a member of the board of directors of the Qualified High Technology Company, directly or indirectly owns a majority of its stock, or is related to a member of the board of directors or a majority stockholder as a spouse, domestic partner, or a relative listed in the definition of "dependent" in section 152 of the Internal Revenue Code of 1986, without regard to source of income; or

(E) If the Qualified High Technology Company has claimed a deduction for the relocation costs.

(d) If the amount of the credit allowable under this section exceeds the tax otherwise due from a Qualified High Technology Company, the unused amount of the credit may be carried forward for 10 years.

(Apr. 3, 2001, D.C. Law 13-256, § 201(b), 48 DCR 730; Sept. 12, 2008, D.C. Law 17-231, § 41(n), 55 DCR 6758.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Effect of Amendments*

D.C. Law 17-231, in subsec. (c)(2)(D), substituted "spouse, domestic partner," for "spouse".

#### *Legislative History of Laws*

For Law 13-256, see notes following § 47-1817.01.

For Law 17-231, see notes following § 47-802.

## **§ 47-1817.03. TAX CREDIT TO QUALIFIED HIGH TECHNOLOGY COMPANIES FOR WAGES TO QUALIFIED EMPLOYEES; EXCEPTIONS.**

(a) Except as provided in subsection (b) of this section, for taxable years beginning after December 31, 2000, a Qualified High Technology Company shall be allowed a credit against the tax imposed by § 47-1817.06 equal to 10% of the wages paid during the first 24 calendar months of employment to a qualified employee hired after December 31, 2000.



(b) The credit under subsection (a) of this section shall not be allowed:

- (1) To exceed, for each qualified employee, \$5,000 in a taxable year;
- (2) If the Qualified High Technology Company accords the qualified employee lesser benefits or rights than it accords other employees in similar jobs;
- (3) If the qualified employee was employed as the result of:
  - (A) The displacement, other than for cause, of another employee;
  - (B) A strike or lockout;
  - (C) A layoff in which other employees are awaiting recall; or
  - (D) A reduction of the regular wages, benefits, or rights of other employees in similar jobs; or
- (4) If the qualified employee is a member of the board of directors of the Qualified High Technology Company or, directly or indirectly, owns a majority of its stock.

(c) If the amount of the credit allowable under this section exceeds the tax otherwise due from a Qualified High Technology Company, the unused amount of the credit may be carried forward for 10 years.

(Apr. 3, 2001, D.C. Law 13-256, § 202(b), 48 DCR 730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 13-256, see notes following § 47-1817.01.

### **§ 47-1817.04. TAX CREDIT TO QUALIFIED HIGH TECHNOLOGY COMPANIES FOR RETRAINING COSTS FOR QUALIFIED DISADVANTAGED EMPLOYEES.**

(a)(1) For purposes of this section, the term "qualified disadvantaged employee" means a District resident who:

- (A) Is a recipient of Temporary Assistance for Needy Families ("TANF");
- (B) Was a recipient of TANF in the period immediately preceding employment;
- (C) Was released from incarceration within 24 months before the date of employment by a Qualified High Technology Company; or
- (D) Is an employee hired, or relocated to the District, after December 31, 2000 and for which a Qualified High Technology company also is eligible to claim the Welfare to Work Tax Credit or the Work Opportunity Tax Credit under the Internal Revenue Code of 1986.

(2) The term "qualified disadvantaged employee" shall not mean or include:

- (A) A temporary or seasonal employee; or
- (B) An employee who was employed as the result of:
  - (i) The displacement, other than for cause of another employee;
  - (ii) A strike or lockout;
  - (iii) A layoff in which other employees are awaiting recall; or
  - (iv) A reduction of the regular wages, benefits, or rights of other employees in similar jobs.

(b) For taxable years beginning after December 31, 2000, a Qualified High Technology Company shall be allowed a credit against taxes imposed by § 47-1817.06 for expenditures paid or incurred during the taxable year for retraining of a qualified disadvantaged employee.

(c) Qualified disadvantaged employee retraining expenditures which are eligible for the tax credit are:

(1) Tuition, costs, or fees for credit or noncredit courses leading to academic degrees or certification of professional, technical, or administrative skills taken at District-based accredited colleges or universities or the cost for formal enrollment in training programs offered by nonprofit training providers (including community or faith-based organizations certified for the provision of training or job-readiness preparation at skill levels suitable for immediate performance of entry-level jobs), in demand among technology companies in general, and information and telecommunications companies in particular. Eligible training programs, other than those at District-based accredited colleges or universities, shall be pre-qualified for participation under this section by the Department of Employment Services; and

(2) Worker retraining programs undertaken through an apprenticeship agreement approved by the District of Columbia Apprenticeship Council.

(d) The credit claimed under this section shall be limited to \$20,000 for each qualified disadvantaged

employee during the first 18 months of employment.

(e) If the amount of the credit allowable under this section exceeds the tax otherwise due from a Qualified High Technology Company, the unused amount of the credit may be:

- (1) Carried forward for 10 years; or
- (2) Taken as a refundable credit in an amount up to 50% of the credit.

(Apr. 3, 2001, D.C. Law 13-256, § 203(b), 48 DCR 730; Oct. 26, 2001, D.C. Law 14-42, § 10(i), 48 DCR 7612.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Effect of Amendments*

D.C. Law 14-42, in subsec. (a)(1), deleted the second subparagraph (B) which had read as follows:

"(B) An employee who was employed as the result of:

"(i) The displacement, other than for cause, of another employee;

"(ii) A strike or lockout;

"(iii) A layoff in which other employees are awaiting recall; or

"(iv) A reduction of the regular wages, benefits, or rights of other employees in similar jobs."

##### *Emergency Act Amendments*

For temporary (90 day) amendment of section, see § 10(i) of Technical Amendments Emergency Act of 2001 (D.C. Act 14-108, August 3, 2001, 48 DCR 7622).

##### *Legislative History of Laws*

For Law 13-256, see notes following § 47-1817.01.

For Law 14-42, see notes following § 47-1361.

## **§ 47-1817.05. TAX CREDIT TO QUALIFIED HIGH TECHNOLOGY COMPANIES FOR WAGES TO QUALIFIED DISADVANTAGED EMPLOYEES.**

(a) Except as provided in subsection (b) of this section, for taxable years beginning after December 31, 2000, a Qualified High Technology Company shall be allowed a credit against the tax imposed by § 47-1817.06 equal to 50% of the wages paid to a qualified disadvantaged employee, as defined in § 47-1817.04, during the first 24 calendar months of employment.

(b) The credit under subsection (a) of this section shall not be allowed:

- (1) To exceed \$15,000 in a taxable year for a qualified disadvantaged employee; or
- (2) If the Qualified High Technology Company accords the qualified disadvantaged employee lesser benefits or rights than it accords other employees in similar jobs.

(c) If the amount of the credit allowable under this section exceeds the tax otherwise due from a Qualified High Technology Company, the unused amount of the credit may be carried forward for 10 years.

(Apr. 3, 2001, D.C. Law 13-256, § 203(b), 48 DCR 730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 13-256, see notes following § 47-1817.01.

## **§ 47-1817.06. TAX ON QUALIFIED HIGH TECHNOLOGY COMPANIES.**

(a)(1) Notwithstanding any other provision of this chapter, and in lieu of the tax on taxable income imposed by § 47-1807.02, subject to the credits applicable thereto, a tax on taxable income at a rate of 6% shall be imposed upon Qualified High Technology Companies which are corporations, except as provided for in paragraph (2) of this subsection.

(2)(A) For purposes of this paragraph, the term "high technology development zones" mean the geographic areas described in the priority development areas listed in § 2-1219.20 and as designated under subparagraph (B) of this paragraph.

(B) The Mayor may propose regulations designating additional high technology development zones. The Mayor shall transmit the proposed regulations to the Council for a 45-day period of review. If the Council does not approve the regulations, in whole or in part, by resolution within the

45-day review period, the regulations shall be deemed approved.

(C) A Qualified High Technology Company within a high technology development zone shall not be subject to the tax imposed by this chapter for 5 years after the date that the Qualified High Technology Company commences business in the high technology development zone.

(b) The transfer of ownership of a Qualified High Technology Company shall not affect eligibility under this section.

(c) The Mayor may issue regulations to carry out the provisions of this section.

(Apr. 3, 2001, D.C. Law 13-256, § 403(b), 48 DCR 730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 13-256, see notes following § 47-1817.01.

### **§ 47-1817.07. ROLLOVER OF CAPITAL GAIN FROM QUALIFIED STOCK TO OTHER QUALIFIED STOCK.**

(a) For purposes of this section, the term "qualified stock" means stock of a company which is qualified small business stock, as defined under section 1202(c) of the Internal Revenue Code of 1986, and issued by a Qualified High Technology Company.

(b)(1) In the case of a sale of qualified stock held by a taxpayer other than a corporation for more than 6 months and with respect to which the taxpayer elects the application of this section, gain from the sale shall be recognized to the extent the amount realized on the sale exceeds the cost of qualified stock purchased by the taxpayer during the 60-day period beginning on the date of the sale, reduced by the amount of the gain, not to exceed such cost, previously deferred under this paragraph.

(2) A taxpayer shall be treated as having purchased qualified stock if, but for paragraph (3) of this subsection, the adjusted basis of the property in the hands of the taxpayer would be its cost.

(3)(A) If gain from a sale is not recognized under paragraph (1) of this subsection, the unrecognized gain shall reduce the basis of qualified stock, in the order acquired, which is purchased by the taxpayer during the 60-day period described in paragraph (1) of this subsection.

(B) For purposes of determining whether the nonrecognition of gain under paragraph (1) of this subsection applies to qualified stock which is sold:

(i) The taxpayer's holding period for the stock and the stock referred to in this subsection shall be determined without regard to section 1223 of the Internal Revenue Code of 1986; and

(ii) Only the first 6 months of the taxpayer's holding period for the stock referred to in this subsection shall be taken into account for purposes of applying section 1202(c)(2) of the Internal Revenue Code of 1986.

(c) This section shall not apply to any gain which is treated as ordinary income under the Internal Revenue Code of 1986.

(Apr. 3, 2001, D.C. Law 13-256, § 407(b), 48 DCR 730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

For Law 13-256, see notes following § 47-1817.01.

### **§ 47-1817.08. SEVERABILITY.**

If any provision of this title relating to a Qualified High Technology Company is held to be invalid:

(1) Any tax abatement, credit, or other benefit provided under this title shall not be increased, and the amount of tax imposed under this title shall not be decreased, as a result of such invalidity; and

(2) A Qualified High Technology Company shall not pay additional taxes under this title to the District of Columbia until any proceedings to contest such taxes become final.

(Apr. 3, 2001, D.C. Law 13-256, § 408, 48 DCR 730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Temporary Addition of Section*

For temporary (225 day) addition of section, see 2(b) of CareFirst Economic Assistance Temporary Act of

2002 (D.C. Law 14-246, March 25, 2003, law notification 50 DCR 2759).

*Emergency Act Amendments*

For temporary (90 day) addition of §§ 47-1850.01 to 47-1850.04, see § 2(e) of Homestead and Senior Citizen Real Property Tax Legislative Review Emergency Act of 2001 (D.C. Act 14-226, January 8, 2002, 49 DCR 668).

For temporary (90 day) addition of § 47-1818.01, see § 2(b) of CareFirst Economic Assistance Emergency Act of 2002 (D.C. Act 14-460, July 26, 2002, 49 DCR 8175).

*Legislative History of Laws*

For Law 13-256, see notes following § 47-1817.01.

## **SUBCHAPTER XVIII. QUALIFIED SOCIAL ELECTRONIC COMMERCE COMPANIES.**

### **§ 47-1818.01. DEFINITIONS.**

For the purposes of this subchapter, the term:

- (1) "Abatement period" means from the effective date of this subchapter through the date when an abatement provided for in this subchapter is exhausted or forfeited, or otherwise expires in accordance with this subchapter.
- (2) "BAS agreement" means a city-wide business activity strategy agreement between the District and a Qualified Social E-Commerce Company as specified in § 47-1818.03(b).
- (3) "Disrupted corridor" means an area that is distressed due to the lack of amenities, transportation, or commerce, disrupted due to construction operations, or is otherwise determined by the Mayor to be a distressed or disrupted area.
- (4) "New hire" or "newly hired" means an individual who was not employed by a Qualified Social E-Commerce Company before calendar year 2010 and was, or is:
  - (A) Hired to fill a position of indefinite duration consisting of a minimum work week of 35 hours for not less than 50 weeks per year;
  - (B) Not:
    - (i) A member of the board of directors of the Qualified Social E-Commerce Company;
    - (ii) A direct or indirect owner of more than 5% of the Qualified Social E-Commerce Company;
    - (iii) A spouse or dependent, as these terms are defined in section 152 of the Internal Revenue Code of 1986, approved October 22, 1986 (Pub. L. No. 99-514; 100 Stat. 2085), of any individual defined in sub-subparagraphs (i) and (ii) of this subparagraph; or
    - (iv) Hired under the conditions set forth in § 47-1817.03(b)(3); and
  - (C) Employed by a Qualified Social E-Commerce Company for at least 6 months in the District of Columbia.
- (5) "New hire wage credit" means a credit equal to 10% of the wages paid during the first 24 calendar months of employment to a newly hired employee hired after December 31, 2009, and before January 1, 2016, accrued annually up to \$5,000 per new hire per tax year, up to a maximum amount of the new hire wage credit cap.
- (6) "New hire wage credit cap" means a ceiling of \$15 million.
- (7) "Qualified Social E-Commerce Company" means a company that:
  - (A) Is a Qualified High Technology Company;
  - (B) Is engaged primarily in the business of marketing or the promoting of retail or service businesses by delivering or providing members or users with access to discounts or other commerce-based benefits; and
  - (C) Hired at least 850 persons to work in the District of Columbia after December 31, 2009, and before January 1, 2012.
- (8) "Qualified High Technology Company" shall have the same meaning as provided in § 47-1817.01(5).
- (9) "Qualified real property" means real property located in the District of Columbia on which a commercial office building totaling no less than 200,000 square feet is constructed, or substantially rehabilitated, and equipped after June 1, 2012, and which is owned or leased by a Qualified Social E-

Commerce Company for use as a primary corporate headquarters.

(10) "Real property" shall have the same meaning as provided in § 47-802(1).

(11)(A) "Related entity" means with respect to any Qualified Social E-Commerce Company any other person or entity that is a Qualified High Technology Company and is directly or indirectly controlling, controlled by, or under common control with the Qualified Social E-Commerce Company or is a successor to the Qualified Social E-Commerce Company by merger, consolidation, or operation of law.

(B) For the purposes of this paragraph, the terms "controlling," "controlled by," and "under common control with" mean the possession, directly or indirectly, or the power to direct, or cause the direction of, the management and policies of a Qualified Social E-Commerce Company, whether through ownership of voting securities, membership interests, or partnership interests by contract or otherwise, or the power to elect at least 50% of the directors, managers, or partners exercising similar authority with respect to the Qualified Social E-Commerce Company.

(12) "Resident" means an individual whose principal residence is located in the District of Columbia and who is subject to District of Columbia personal income tax, or is a new hire who becomes a resident within 180 days of his or her new hire start date.

(13) "Resident hiring factor" means the applicable percentage contained in this paragraph if a Qualified Social E-Commerce Company achieves, or has achieved, the following annual resident new hire proportion goals during calendar years 2010 through 2015:

(A) One hundred percent if at least 50% of new hires are residents in a calendar year.

(B) Seventy-five percent if at least 40% but less than 50% of new hires are residents in a calendar year.

(C) Fifty percent if less than 40% of new hires are residents in a calendar year.

(14) "Resident employment credit" means:

(A) The amount of \$17.5 million, if a Qualified Social E-Commerce Company maintains the proportion of newly hired employees as residents at or above 50% during each one-year period, beginning October 1, 2014, through September 30, 2015, and continuing each year through to the end of the abatement period;

(B) The amount of \$13.125 million, if a Qualified Social E-Commerce Company maintains the proportion of newly hired employees as residents at or above 40% during each one-year period, beginning October 1, 2014, through September 30, 2015, and continuing each year through to the end of the abatement period; and

(C) The amount of \$9 million, if a Qualified Social E-Commerce Company maintains the proportion of newly hired employees as residents at less than 40% during any one-year period, beginning October 1, 2014, through September 30, 2015, and continuing through to the end of the abatement period.

(15) "STEM" means the fields of study in the categories of science, technology, engineering, and mathematics.

(16) "Unrelated entity" means any person or entity that is not a related entity.

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Legislative History of Laws*

Law 19-174, the "Social E-Commerce Job Creation Tax Incentive Act of 2012", was introduced in Council and assigned Bill No. 19-755, which was referred to the Committees of the Whole and Finance and Revenue. The Bill was adopted on first and second readings on June 26, 2012, and July 10, 2012, respectively. Signed by the Mayor on July 19, 2012, it was assigned Act No. 19-398 and transmitted to both Houses of Congress for its review. D.C. Law 19-174 became effective on October 9, 2012.

## **§ 47-1818.02. TAX CREDITS TO QUALIFIED SOCIAL E-COMMERCE COMPANIES.**

(a) Subject to subsection (c) of this section and § 47-1818.04, the real property taxes imposed by Chapter 8 of this title with respect to qualified real property shall be abated up to the amount of the new hire wage credit, beginning in fiscal year 2016 and continuing until the new hire wage credit is exhausted or forfeited, or through fiscal year 2025, whichever occurs earlier; provided, that:

(1) The annual new hire wage credit amount accrued shall be determined as of the end of each calendar year from 2010 through 2015 by multiplying the total new hire wage credit earned by a Qualified Social E-Commerce Company in each calendar year by the annual resident hiring factor in

the same calendar year. The total new hire wage credit amount shall be the aggregate of the new hire wage credit amount earned in each calendar year, subject to the new hire wage credit cap. The amount of any new hire wage credit earned in a calendar year shall be based on new hire information reported by a Qualified Social E-Commerce Company to the Office of Tax and Revenue in its corporate tax filing for each calendar year.

(2) Notwithstanding any other provision of this subchapter, no person shall claim an abatement pursuant to this section before October 1, 2015, and unless that person occupies qualified real property before April 1, 2017.

(3) If a Qualified Social E-Commerce Company leases or subleases any portion of the qualified real property, the new hire wage credit shall be applied only to a *pro rata* portion of the assessment on the qualified real property, which shall equal the ratio of the square footage of building area on the qualified real property that the Qualified Social E-Commerce Company occupies to the total square footage of building area that could be occupied.

(b) Subject to subsection (c) of this section and § 47-1818.04, the corporate income tax imposed on a Qualified High Technology Company by § 47-1817.06 with respect to taxable income earned by a Qualified Social E-Commerce Company shall be abated up to the amount of the resident employment credit for 5 years commencing on the date that the Qualified Social E-Commerce Company occupies qualified real property (except, that in no instance shall such 5-year period begin before October 1, 2015), or until the resident employment credit is exhausted or forfeited as provided pursuant to this subchapter, or through fiscal year 2025, whichever occurs earlier. The resident employment credit amount available to be applied against the tax imposed by § 47-1817.06 shall be determined each tax year by applying the resident new hire proportions during the timeframe set forth in § 47-1818.01(14).

(c)(1) An abatement provided for in this section shall only be granted if:

(A) The Qualified Social E-Commerce Company continues for the duration of the abatement period to:

(i) Be a Qualified Social E-Commerce Company; and

(ii) Hires at least 50 new hires annually in the District of Columbia during each year of the abatement period, and certifies the new hires to the Department of Employment Services;

(B) The Qualified Social E-Commerce Company employs at least 1,000 persons in the District of Columbia during the period commencing on October 1, 2015, through the end of the abatement period, and certifies the employment to the Department of Employment Services;

(C) Within 180 days of [October 9, 2012], the Mayor certifies that the Qualified Social E-Commerce Company has entered into a BAS agreement in accordance with §§ 47-1818.03 and 47-1818.04;

(D) If the qualified real property is leased to the Qualified Social E-Commerce Company, the lease is for a period of at least 10 years and the owner of the real property passes the abatement through to the Qualified Social E-Commerce Company;

(E) The Qualified Social E-Commerce Company continues to occupy a qualified real property from its initial occupancy of the qualified real property throughout the duration of the abatement period;

(F) If the Qualified Social E-Commerce Company owns the qualified real property, the qualified real property is not during the abatement period:

(i) Sold, transferred, exchanged, or otherwise conveyed; or

(ii) Leased to an unrelated entity in excess of 50% of the gross floor area, unless the Qualified Social E-Commerce Company maintains occupancy of at least 200,000 square feet of gross floor area;

(G) If the Qualified Social E-Commerce Company leases qualified real property, the lease is not during the abatement period:

(i) Assigned to a third party, other than to a related entity; or

(ii) Subleased to an unrelated entity in excess of 50% of the gross floor area, unless the Qualified Social E-Commerce Company maintains occupancy of at least 200,000 square feet of gross floor area; and

(H) The Qualified Social E-Commerce Company has not filed a petition in bankruptcy in connection with the Qualified Social E-Commerce Company's business.

(2)(A) If a Qualified Social E-Commerce Company fails or ceases to comply with or achieve the provisions of paragraph (1)(A) through (C) of this subsection, any abatement provided for in this section shall not apply during the period of non-compliance.

(B) If a Qualified Social E-Commerce Company fails or ceases to comply with or achieve the provisions of paragraph (1)(D) through (H) of this subsection, any abatement provided for in this section shall immediately terminate and cease to be granted.

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For history of Law 19-174, see notes under § 47-1818.01.

**§ 47-1818.03. CITY-WIDE JOINT BUSINESS ACTIVITY STRATEGY AGREEMENTS.**

(a) Within 180 days of [October 9, 2012], the Mayor shall enter into a BAS agreement with a Qualified Social E-Commerce Company and certify the agreement as required by § 47-1818.04 and submit it to the Council as required by § 47-1818.05.

(b) The Mayor shall ensure that the BAS agreement provides:

- (1) That the Qualified Social E-Commerce Company will leverage its activities to assist retail businesses along disrupted corridors;
- (2) For the coordination of the Qualified Social E-Commerce Company's offering of technology, marketing, social media, and other training opportunities for District of Columbia small businesses;
- (3) For the development of engineering-related programs to recruit, train, and retain software developers in the District of Columbia; and
- (4) For the Qualified Social E-Commerce Company's participation in hiring STEM students as part of the Summer Youth Employment Program established pursuant to § 32-241.

(c) Within 365 days of Council approval of the BAS agreement, as required by § 47-1818.05, and annually thereafter during the term of an abatement granted pursuant to this subchapter, the Mayor shall submit a report to the Council on each BAS agreement approved by the Council detailing the level of compliance under each BAS agreement.

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For history of Law 19-174, see notes under § 47-1818.01.

**§ 47-1818.04. CERTIFICATION.**

(a) Within 180 days of [October 9, 2012], the Mayor shall certify that the Qualified Social E-Commerce Company and the District have executed a BAS agreement.

(b) The Mayor shall certify to the Office of Tax and Revenue the identity of each Qualified Social E-Commerce Company for which eligibility for an abatement pursuant to this subchapter has been verified by the Mayor and shall provide a description of the qualified real property that is to receive an abatement and the date on which the abatement shall commence.

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For history of Law 19-174, see notes under § 47-1818.01.

**§ 47-1818.05. COUNCIL APPROVAL OF CITY-WIDE BUSINESS ACTIVITY STRATEGY AGREEMENTS.**

(a)(1) Within 180 days of [October 9, 2012], the Mayor shall submit each BAS agreement, along with proof of the certification required by § 47-1818.04(a), to the Council for its approval.

(2) If no proposed resolution of disapproval is filed with the Secretary to the Council within 14 days of the receipt by the Council of the BAS agreement, the BAS agreement shall be deemed approved.

(3) If a proposed resolution of disapproval is filed with the Secretary to the Council within 14 days of receipt by the Council of the BAS agreement, the Council may approve or disapprove the BAS agreement by resolution within 30 days of the receipt of the BAS agreement. If the Council neither affirmatively approves or disapproves the BAS agreement within 30 days of the receipt by the Council of the BAS agreement, the BAS agreement shall be deemed approved.

(b) Notwithstanding the requirements of this section, an abatement provided pursuant to § 47-1818.02 shall not be contingent upon the Council approval, or disapproval, of the BAS agreement.

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For history of Law 19-174, see notes under § 47-1818.01.

**§ 47-1818.06. TAX CREDITS TO QUALIFIED SOCIAL E-COMMERCE COMPANIES; EXCEPTIONS.**

A Qualified Social E-Commerce company that utilizes, or is the beneficiary of, any of the following tax abatements, exemptions, or waivers during the abatement period shall not be eligible for the abatements pursuant to § 47- 1818.02, and further, the utilization of, or being the beneficiary of, the abatements provided for in § 47-1818.02 shall disqualify a Qualified Social E-Commerce Company from eligibility for any of the following tax abatements, exemptions, or waivers:

(1) The real property tax abatement for certain commercial properties provided in § 47-811.03.

(2) Earning and allowance of wage tax credits against the tax imposed by § 47-1817.06, as provided in § 47-1817.03, during calendar years 2010 through 2015, unless the amount of such credits earned exceeds \$15 million, in which case the credit amount in excess of \$15 million may be allowed as a credit against the tax imposed by § 47-1817.06, as provided in § 47-1817.03.

(3) The waiver of corporate income tax on a Qualified High Technology Company for 5 years from the date of commencing business as provided in § 47- 1817.06(a)(2)(C).

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For history of Law 19-174, see notes under § 47-1818.01.

**§ 47-1818.07. FIRST SOURCE EMPLOYMENT; INAPPLICABLE.**

Notwithstanding any other provision of law, the requirements of Subchapter X of Chapter 2 of Title 2 pertaining to government-assisted non-construction projects shall not apply to a Qualified Social E-Commerce Company receiving a benefit pursuant to this subchapter; specifically, § 2-219.03(e)(1), pertaining to government-assisted non-construction projects, and § 2- 219.03(e)(1C), pertaining to hiring and reporting requirements in government-assisted non-construction projects.

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For history of Law 19-174, see notes under § 47-1818.01.

**§ 47-1818.08. DELEGATION OF AUTHORITY.**

The Mayor may delegate the functions vested in him by this subchapter to an appropriate executive office, agency or department.

(Oct. 9, 2012, D.C. Law 19-174, § 2(b), 59 DCR 8712.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For history of Law 19-174, see notes under § 47-1818.01.