

SUMMARY OF MAJOR TAXES IN THE DISTRICT OF COLUMBIA (2003)

Government of the District of Columbia / Office of the Chief Financial Officer



INCOME TAXES

TAX	DESCRIPTION	RATE(S)
Individual Income Tax	The taxable income of an individual who is domiciled in the District at any time during the tax year, or who maintains an abode in the District for 183 or more days during the year. <i>DC Code Citation: Title 47, Chapter 18.</i>	First \$10,000 = 5.0% \$10,000 < \$30,000 = \$500 + 7.5% of excess over \$10,000 Over \$30,000 = \$2,000 + 9.3% of excess over \$30,000 <i>Note: Excludes Social Security income</i>
Corporate Franchise Tax	Net income of corporations having nexus in the District. All corporations engaging in a trade, business or profession in the District of Columbia must register <i>DC Code Citation: Title 47, chapter 18.</i>	9.975% (9.5 % base rate plus a 5% surtax)
Unincorporated Business Franchise Tax	Net income of unincorporated businesses with gross receipts over \$12,000. A 30% salary allowance for owners and a \$5,000 exemption are deductible from net income to arrive at taxable income. A business is exempt if more than 80% of gross income is derived from personal services rendered by the members of the entity and capital is not a material income-producing factor. A trade, business or professional organization that by law, customs or ethics cannot be incorporated is exempt. <i>DC Code Citation: Title 47, chapter 18.</i>	9.975% (9.5 % base rate plus a 5% surtax)

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PROPERTY TAXES

TAX	DESCRIPTION	RATE(S)
Real Property Tax	<p>All real property, unless expressly exempted, is subject to the real property tax and is assessed at 100% of market value.</p> <p>With the property tax year beginning Oct. 1, 2002, the District of Columbia increased the number of property classes from two to three:</p> <ol style="list-style-type: none"> 1) Class 1 – improved residential real property that is occupied and is used exclusively for nontransient residential dwelling purposes 2) Class 2 – commercial property 3) Class 3 – unimproved or abandoned property. <p><i>DC Code Citation: Title 47, Chapter 7 - 14.</i></p>	<p>Class 1 = \$0.96 per \$100 of assessed value</p> <p><i>Note: For Class 1 residential real property that is owner occupied, the first \$30,000 of assessed value is exempt from tax.</i></p> <p>Class 2 = \$1.85 per \$100 of assessed value</p> <p>Class 3 = \$5.00 per \$100 of assessed value</p>
Deed Recordation Tax	<p>The recording of all deeds to real estate in the District. The basis of the tax is the value of consideration given for the property. Where there is no consideration or where the consideration is nominal, the tax is imposed on the basis of the fair market value of the property.</p> <p><i>DC Code Citation: Title 45, Chapter 9.</i></p>	<p>1.5% of consideration or fair market value</p> <p><i>Note: For residential properties under \$250,000, the rate is 1.1% of consideration or fair market value.</i></p>
Deed Transfer Tax	<p>Each transfer of real property at the time the deed is submitted for recordation. The tax is based upon the consideration paid for the transfer. Where there is no consideration or where the amount is nominal, the basis of the transfer tax is the fair market value of the property conveyed.</p> <p><i>DC Code Citation: Title 45, Chapter 9.</i></p>	<p>1.5% of consideration or fair market value</p> <p><i>Note: For residential properties under \$250,000, the rate is 1.1% of consideration or fair market value.</i></p>
Personal Property Tax	<p>All tangible property, except inventories, used or available for use in a trade or business.</p> <p><i>DC Code Citation: Title 47, Chapter 15 - 17.</i></p>	<p>\$3.40 per \$100 of assessed value</p> <p><i>Note: As of July 31, 2000, both an accelerated depreciation schedule for computer equipment and a \$50,000 taxable value threshold on personal property were adopted.</i></p>

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SALES AND USE TAXES

TAX	DESCRIPTION	RATE(S)
General Rate	<p>All tangible personal property and certain selected services sold or rented to businesses or individuals at retail in the District.</p> <p>Groceries, prescription and non-prescription drugs, and residential utility services are among those items exempt from the sales tax.</p> <p>The use tax is imposed at the same rate as the sales tax on purchases made outside the District and then brought into the District to be used, stored or consumed, providing that the purchaser has not paid the sales tax on the purchases to another jurisdiction. <i>DC Code Citation: Title 47, Chapters 20 and 22.</i></p>	<p>A five-tier rate structure is presently in effect:</p> <p>General rate for tangible personal property and selected services – 5.75%</p> <p>Liquor sold for off-the-premises consumption – 9%</p> <p>Restaurant meals, liquor for consumption on the premises, and rental vehicles – 10%</p> <p>Parking motor vehicles in commercial lots – 12%</p> <p>Transient accommodations – 14.5%</p> <p><i>Note: The following portions of the sales tax go to the Convention Center Fund: 1% from restaurant meals and 4.45% from transient accommodations. Sales tax on internet access is eliminated.</i></p>
Alcoholic Beverage Tax	<p>Alcoholic beverages manufactured by a holder of a manufacturer's license and beverages brought into DC by the holder of a wholesaler's license. <i>DC Code Citation: Title 25, Chapter 1.</i></p>	<p>Beer = \$2.79 per 31 gallon barrel</p> <p>Champagne/sparkling wine = 45¢ per gallon</p> <p>Distilled Spirits = \$1.50 per gallon</p> <p>Light wine (alcohol content below 15%) = 30¢ per gallon</p> <p>Heavy wine (alcohol content above 15%) = 40¢ per gallon</p>
Cigarettes	<p>The sale or possession of cigarettes in the District. Cigarettes sold to the military and to federal government are exempt. <i>DC Code Citation: Title 47, Chapter 24.</i></p>	<p>\$1.00 per package of 20</p>

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OTHER TAXES

TAX	DESCRIPTION	RATE(S)
Economic Interest Tax	<p>This tax is triggered by two elements:</p> <ol style="list-style-type: none"> 1) 80% of the assets of a corporation consist of real property located in the District of Columbia; and 2) More than 50% of the controlling interest of the corporation is being transferred. <p>The consideration is not always equal to the assessed value of the property. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation.</p>	3.0% of consideration or fair market value
Estate Tax	<p>Levied on the estate of every decedent dying while a resident of the District, and on the estate of every nonresident decedent owning property having a taxable situs in the District at the time of his or her death. <i>DC Code Citation: Title 47, Chapter 19.</i></p>	Tax due is determined by using the DC estate tax computation worksheet after computing the exempted amounts.
Insurance Premiums Tax	<p>Gross insurance premiums received on risks in the District, less premiums received for reinsurance assumed, returned premiums and dividends paid to policyholders. The tax is in lieu of all other taxes except real estate taxes and fees provided for by the District's insurance law. <i>DC Code Citation: Title 35; Title 47, Chapter 26.</i></p>	1.7% on gross premium receipts
Motor Vehicle Excise Tax	<p>Issuance of every original and subsequent certificate of title on motor vehicles and trailers. <i>DC Code Citation: Title 40, Chapter 7.</i></p>	<p>Based on manufacturer's shipping weight.</p> <p>3,499 lbs or less – 6% of fair market value</p> <p>3,500 lbs or more – 7% of fair market value</p>
Motor Vehicle Fuel Tax	<p>Every importer of motor vehicle fuels, including gasoline, diesel fuel, benzol, benzene, naphtha, kerosene, heating oils, all liquefied petroleum gases and all combustible gases and liquids suitable for the generation of power for the propulsion of motor vehicles. <i>DC Code Citation: Title 47, Chapter 23</i></p>	\$0.20 per gallon (entire tax dedicated to Highway Trust Fund)
Public Space Rental	<p>Commercial use of publicly owned property between the property line and the street. <i>DC Code Citation: Title 7, Chapter 10.</i></p>	Various rates for the following: Vault, Sidewalk (enclosed and unenclosed), Sidewalk Surface, and Fuel Oil Tank
Public Utility Tax	<p>Gross receipts of gas, electric and local telephone companies. <i>DC Code Citation: Title 47, Chapter 25.</i></p>	11.0% of gross charges (gas, lighting, telephone)
Toll Telecommunications Tax	<p>Gross receipts of companies providing toll telecommunication service in the District. <i>DC Code Citation: Title 47, Chapter 38.</i></p>	<p>Electric distribution – \$0.007 per Kilowatt hour</p> <p>11.0% of gross charges</p>