



Government of the District of Columbia  
Office of the Chief Financial Officer  
Office of Tax and Revenue



# **Qualified High Technology Companies**

## **Contents**

- Description of Tax Benefits
- Forms for Claiming Tax Benefits

## **QUALIFIED HIGH TECHNOLOGY COMPANIES AND TAX BENEFITS**

Pursuant to the New E-Conomy Transformation Act of 2000 (the Act) certain District of Columbia tax benefits are available to Qualified High Technology Companies for tax years beginning after December 31, 2000.

### **A Qualified High Technology Company (QHTC) is one which –**

- a) Is an individual or entity organized for profit;
- b) Maintains an office, headquarters, or base of operations in the District of Columbia;
- c) Has 2 or more employees in the District;
- d) Receives at least 51% of its gross revenue from one or more of certain “permitted” activities (D.C. Code 47-1817.1(5)(A)(iii));
- e) Does not receive 51% or more of its gross revenue from operating a retail store or electronic equipment facility in the District;
- f) Is appropriately registered as a business in the District; and
- g) Is current in all District tax filing requirements and payment obligations.

### **Permitted Activities include —**

- 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;
- 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;
- 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;
- 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; and
- Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content.

### **TAX BENEFITS**

The various credits and other tax benefits available to a QHTC are –

#### **Tax Credits for**

- Costs of retraining qualified disadvantaged employees;
- Wages paid to qualified disadvantaged employees;
- Wages paid to qualified employees; and
- QHTC payments for employee relocation costs.

#### **Other Tax Benefits**

- Exemption from sales and use tax;
- Reduction of corporate franchise tax rate;
- Partial exemption from the personal property tax
- Exemption for 5 years from D.C. corporate franchise tax when located in designated high technology development zones;
- Increased deduction for Internal Revenue Code (IRC) section 179 property;
- Deductions for leasehold improvements made by a tenant QHTC;
- Exclusion of capital gains from taxation for qualified assets held more than 5 years; and
- Rollover (deferral) of certain capital gains

### **Claiming QHTC Tax Benefits**

To be eligible to claim a tax credit or any of the other tax benefits available under the Act a claimant must attach to its District corporate franchise tax return (Form D-20) a QHTC-CERT (or FP-31 Personal Property or FR-800A,M Sales and Use Tax where appropriate) certifying in good faith that it meets all of the conditions required of a QHTC. Do not file for certification before January 1 of 2002. If the certification is not made in good faith a penalty may be imposed.

### **TAX CREDITS AVAILABLE TO QHTCS**

#### ***Retraining Costs for Qualified Disadvantaged Employees (refundable credit)***

#### ***Wages Paid to Qualified Disadvantaged Employees (nonrefundable credit)***

#### **I. Who is a Qualified Disadvantaged Employee:**

- a) A District resident and
- b) A recipient of Temporary Assistance for Needy Families (TANF); or
- c) A recipient of TANF in the period immediately preceding employment; or
- d) A person released from incarceration within twenty four months before the date of employment by a QHTC; or
- e) An employee hired, or relocated to the District, after December 31, 2000, and for whom a QHTC is eligible to claim the Welfare to Work Tax Credit or the Work Opportunity Tax Credit under IRC section 51. (Note: these two federal credits expired at the end of 2001. They may or may not be extended.)

**The term “qualified disadvantaged employee” does not include**

- a) A temporary or seasonal employee; or
- b) An employee who was employed as the result of:
  - 1) The displacement of another employee;
  - 2) A strike or lockout;
  - 3) A layoff in which other employees are awaiting recall;
  - 4) A reduction of the regular wages, benefits, or rights granted to other employees in similar jobs; or
  - 5) A key employee.

**Retraining**

For taxable years beginning after December 31, 2000, a QHTC may claim a credit against its D.C. corporate franchise tax for expenses which it paid or incurred during the taxable year for retraining qualified disadvantaged employees. The limited credit may be taken as a refundable credit for up to 50 percent of the unused portion of the credit claimed or it may be carried forward for 10 years. Noncorporate filers are eligible for the refundable credit, which may be claimed by filing form FP-332 (and a copy of QHTC-CERT). For corporate filers this and other QHTC credits may be taken on form D-20CR which should be filed with the form D-20.

**Expenditures eligible for tax credit paid by a QHTC to retrain a qualified disadvantaged employee:**

- a) Tuition, costs, or fees for credit or noncredit courses leading to academic degrees or certification of professional, technical, or administrative skills taken at a District-based, accredited college or university;
- b) The cost for formally enrolling in training programs offered by nonprofit training providers (including community or faith-based organizations) certified for providing training, or job-readiness preparation at skill levels suitable for immediate performance of entry-level jobs that are pre-qualified by the District of Columbia, Department of Employment Services and which are in demand among technology companies in general, and among information and telecommunications companies in particular;
- c) Eligible training programs, other than those at a District-based accredited college or university, which are pre-qualified by the Department of Employment Services;
- d) Worker retraining programs taken through an apprenticeship agreement approved by the District of Columbia Apprenticeship Council.

**Limitations on the retraining tax credit**

The retraining credit is limited to \$20,000 for each qualified disadvantaged employee during the first 18 months of employment. If the amount of this credit exceeds the tax otherwise due from a QHTC, the unused amount of the credit may not be carried beyond the tenth year following the first year the taxpayer files a return claiming the credit or the QHTC may elect to take a refundable credit in an amount equal to fifty percent of the unused credit with no carryover to subsequent years.

**II. Wages Paid to Qualified Disadvantaged Employees**

A QHTC is allowed a credit against the District corporate franchise tax equal to fifty percent of the wages paid to a qualified disadvantaged employee, during the first 24 calendar months of employment.

This credit will not be allowed if:

- a) the QHTC grants the qualified employee lesser benefits or rights than it grants other employees in similar jobs; or
- b) the qualified employee was employed as the result of:
  - 1) The displacement of another employee;
  - 2) A strike or lockout;
  - 3) A layoff in which other employees are awaiting recall;
  - 4) A reduction of the regular wages, benefits, or rights of other employees in similar jobs; or
  - 5) If the qualified employee is a key employee.

**Limitations on the credit for wages paid qualified disadvantaged employees**

The credit is limited to \$15,000 per year for each qualified disadvantaged employee.

If the amount of the wages credit exceeds the District corporate franchise tax otherwise due from a QHTC, the unused amount of the credit may not be carried beyond the tenth year following the first year the taxpayer filed a return claiming QHTC status.

**III. Wages Paid to Qualified Employees**

For taxable years beginning after December 31, 2000, a QHTC may claim a credit against its District corporate franchise tax in an amount equal to ten percent of the wages paid to a qualified employee employed by it in the District in any of the previously listed permitted activities who is hired after December 31, 2000.

The credit will not be allowed if:

- a) The QHTC grants the qualified employee lesser benefits or rights than it grants other employees in similar jobs; or
- b) The qualified employee was employed as the result of:
  - 1) The displacement of another employee;
  - 2) A strike or lockout;
  - 3) A layoff in which other employees are awaiting recall; or
  - 4) A reduction of the regular wages, benefits, or rights granted to other employees in similar jobs; or
  - 5) The qualified employee is a key employee.

**Limitations on tax credit for wages paid to qualified employees**

The wages must be paid during the first 24 calendar months of employment.

If the amount of the credit exceeds the District franchise tax otherwise due from the QHTC the unused amount may not be carried beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

The credit may not exceed \$5,000 for each qualified employee in a taxable year.

#### **IV. Relocation Costs**

For taxable years beginning after December 31, 2000, a QHTC may claim a credit against its District corporate franchise tax for each dollar reimbursed to or paid on behalf of each qualified employee for the cost of relocating to the District. This credit is not available if such costs are taken as a deduction by the corporation.

#### **Qualified Employee**

A qualified employee is a person employed in the District by a QHTC for 35 hours or more per week in any of the permitted activities.

The credit under this section is not allowed:

- a) Until the QHTC relocates at least two qualified employees from employment outside the District to inside the District;
- b) Until the QHTC has employed the qualified employee for at least six months in the District in a permitted activity;
- c) If the qualified employee works less than 35 hours per week;
- d) If the QHTC has claimed a deduction for the relocation costs; or
- e) If the qualified employee is a Key Employee.

If the amount of the credit allowable under this section exceeds the D.C. franchise tax otherwise due from a QHTC, the unused amount of the credit may not be carried beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

#### **Which Relocation Costs Qualify?**

Qualifying relocation costs include amounts paid to a qualified employee for reimbursement of:

- a) Moving expenses as defined in IRC section 217(b)(1); and
- b) Financial assistance in purchasing a residence, in paying a security deposit or in procuring a one-year lease for a residence in the District. The commencement date of the employee's move or financial assistance must be after December 31, 2000, and only relocation costs related to one relocation per qualified employee is allowed.

#### **Limitations on tax credit for relocation costs**

This credit may not exceed:

- a) \$5,000 for each employee who relocates his/her employment to the District but who does not relocate his/her principal residence to the District. The total

- b) annual credit for a QHTC may not exceed \$250,000.
- b) \$7,500 for each employee who relocates his/her employment to the District and who also relocates his/her principal residence to the District. The total annual credit for a QHTC may not exceed \$1,000,000.

The principal residence is determined as of the last day of the first six months of employment in the District by a QHTC.

If the amount of the credit exceeds the District corporate franchise tax liability the unused amount may be carried forward but not beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

#### **Key Employee**

A key employee is an employee who is:

- a) A member of the board of directors of the QHTC; or
- b) Directly or indirectly the owner of a majority of the QHTC's stock; or
- c) Related to a member of the board of directors or a majority stockholder as a spouse or relative within the definition of "dependent" in IRC section 152.

### **TAXES AND QHTCs**

#### **V. Franchise Tax**

For taxable years beginning after December 31, 2000, a QHTC filing a District corporate franchise tax return is subject to a reduced franchise tax rate (6%). If the QHTC is located in a high-technology development zone there is no franchise tax imposed for five years after the QHTC begins business in that zone. The QHTC must still file a District corporate franchise tax return during that period. A QHTC that is not a corporation is not eligible for the franchise tax rate reduction.

The transfer of ownership of a QHTC will not affect the eligibility of the business for the franchise tax credit.

#### **VI. Personal Property Tax**

Qualified personal property (within the meaning of D.C. Code sec. 47-1521(4)) purchased and used or held for use by a QHTC after December 31, 2000, is exempt from District personal property tax for 10 years beginning with the year of purchase.

If such personal property is being used or is available for use in the eleventh year and thereafter, the property must be reported at 25% of the original cost or exchange value, unless the property is qualified technological equipment (see D.C. Code 47-1523(b)) in which case it must be reported at 10% of the original cost or exchange value.

#### **VII. Sales Tax**

Sales within the District by a QHTC of intangible property or services otherwise taxable as a retail sale are exempt from

District sales tax. This exemption does not apply to telecommunication service providers. Sales to a QHTC of computer software or hardware, and visualization and human interface technology equipment, including operating and applications software, computers, terminals, display devices, printers, cable, fiber, storage media, networking hardware, peripherals, and modems when purchased for use in connection with the operation of the QHTC are not subject to District sales tax. To make such tax-free purchases the QHTC must present its tax-exempt purchase certificate (FR-337) to the vendor.

## **DEDUCTIONS AND QHTCs**

### **VIII. Deductions for Certain Depreciable Business Assets**

A QHTC is allowed to deduct the lesser of \$40,000 or the actual cost of personal property described in IRC section 179(d)(1).

If the QHTC is a tenant, the cost of any real property and leasehold improvements regardless of whether such improvements become an integral part of the realty may be deducted.

With respect to improvements, they must be substantial and made by the QHTC during any 24-month period beginning after December 31, 2000. They must constitute: an addition to the basis of the property which exceeds the greater of an amount equal to the adjusted basis of the property at the beginning of the 24-month period or \$5,000; and at least 51% of the cost of the additions are improvements which facilitate the business of a QHTC on the premises; and the improvements are finished before January 1, 2003.

### **IX. Unincorporated Business Tax Exemption**

A QHTC that is not a corporation is exempt from the unincorporated business franchise tax.

Such a QHTC may also be eligible, under certain circumstances, to claim a credit for retraining costs (use form D-30CR) and a refund of personal property tax paid with the personal property tax return (FP-31) filed for tax year 2002 on or before July 31, 2001. In addition, such a QHTC may be eligible to claim a refund of sales tax paid for the year 2001. The personal property tax refund claim may be made using an amended FP-31; the sales tax refund claim may be made using Form FP-331.

### **X. Capital Gain and QHTCs**

Qualified capital gain from the sale or exchange of a QHTC's capital assets held for more than 5 years is not includible for the purpose of computing District gross income. Qualified capital gain does not include:

- gain attributable to real property or an intangible asset not an integral part of a QHTC; and
- gain occurring before January 1, 2001 or after December 31, 2007.

The term "qualified capital gain" means gain recognized on the sale or exchange of a capital asset as defined or treated in the Internal Revenue Code as specified in D.C. Code 47-

1801.4(10).

- a) The term "qualified capital gain" does not include gain, which is:
- 1) Treated as ordinary income under IRC sections 1245 or 1250 if IRC section 1250 applied to all depreciation rather than just to additional depreciation;
  - 2) Attributable to real property or an intangible asset which is not an integral part of a QHTC's business operations in the District; or
  - 3) Attributable, directly or indirectly, in whole or in part, to a transaction with a related person

Rollover of capital gain from qualified stock to other qualified stock. Qualified stock is stock which satisfies the requirement for small business stock under IRC section 1202(a) and is issued by a QHTC. Where gain is realized on the sale of qualified stock held by a taxpayer, other than a corporation, for more than six months the taxpayer may elect to defer recognition of gain unless it was previously deferred.

However, if a taxpayer purchases qualified stock within 60 days of selling other qualified stock, gain is recognized. Gain is recognized to the extent that the amount of gain realized on the sale exceeds the cost of the qualified stock purchased.

The taxpayer's holding period is determined without regard to IRC section 1223. This treatment is not applicable to any gain considered as ordinary income under IRC sections 1245 or 1250.

## **HIGH-TECHNOLOGY DEVELOPMENT ZONES AND QHTCs**

A QHTC located in a high-technology development zone is exempt from the District franchise tax for five years after the date it begins business in the zone.

The zones, also called priority development areas, are

- Downtown East;
- Capital City Business and Industrial;
- Capital City Market;
- Georgia Avenue;
- Southeast Federal Center/Navy Yard;
- Any District-designated Foreign Trade or Free Trade Zone (19 U.S.C. 81a et. seq.);
- Any federally-approved enterprise or improvement zone;
- Any federally-approved enterprise community;
- Any designated development zone (D.C. Code, Title 5, chap. 14);
- Any designated housing or development opportunity area or new or upgraded commercial center
- Transit Impact area; or
- Minnesota Avenue

For the exact boundaries of each of these zones please see D.C. Code section 1-2295.20 or call 202-442-6500.

Please note that there is a real property tax abatement benefit and various other financial incentives of a non-income/franchise tax nature that are provided for QHTCs in the New E-Conomy Transformation Act of 2000.



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Government of the District of Columbia  
Office of the Chief Financial Officer  
Office of Tax and Revenue

**D-20CR**  
**Business Tax Credits**  
(File With Form D-20)

**2001**

OFFICIAL USE:

For Tax Year beginning after December 31, 2000  
or Tax Year beginning \_\_\_\_\_, 2001 and ending \_\_\_\_\_, \_\_\_\_\_

BUSINESS NAME AS SHOWN ON D.C. FORM D-20: \_\_\_\_\_

FEDERAL EMPLOYER IDENTIFICATION NUMBER: \_\_\_\_\_

**PART A — REDUCTION IN D.C. CORPORATE FRANCHISE TAX FOR A  
QUALIFIED HIGH TECHNOLOGY COMPANY (QHTC)**

DOLLARS ONLY

1. Total District of Columbia Taxable Income (line 36 of Form D-20) .....	\$
2. Regular Corporation Franchise Tax (multiply line 1 by .09975) If less than \$100, enter \$100 .....	\$
3. QHTC TAX (multiply line 1 by .06) If less than \$100, enter \$100 .....	\$
4. Amount of Credit (line 2 minus line 3) .....	\$

**PART B — TAX CREDIT FOR THE COSTS OF RETRAINING QUALIFIED DISADVANTAGED  
EMPLOYEES DURING THE FIRST 18 MONTHS OF EMPLOYMENT**

1. Number of employees eligible, first 12 months. <input type="text"/>	
2. Total expenditures for retraining Qualified Disadvantaged Employees paid or incurred during this period .	\$
3. Amount of Retraining Tax Credit .....	\$

Limited to \$20,000 per employee for retraining cost during the first 18 months of employment beginning after December 31, 2000.)

**PART C — TAX CREDIT FOR 50% OF WAGES PAID TO QUALIFIED DISADVANTAGED EMPLOYEES  
DURING THE FIRST 24 MONTHS OF EMPLOYMENT**

1. Employees eligible in First year <input type="text"/>	2. Months in First year <input type="text"/>	
3. Total Wages paid during tax year 2001 to Qualified Disadvantaged Employees .....		\$
4. Tax credit (50% of line 3) .....		\$

Limited to 50% of qualified disadvantaged employee's wages paid during the first 24 months of employment beginning after December 31, 2000, not to exceed \$15,000 per employee.

**PART D — TAX CREDIT FOR RELOCATION COSTS**

1. Number of eligible employees who reside inside the District <input type="text"/>	
2. Number of eligible employees who reside outside the District <input type="text"/>	
3. Tax credit for employees residing in the District (limited to \$7,500 per employee, see instructions) . . . .	\$
4. Tax credit for employees residing outside the District (limited to \$5,000 per employee, see instructions)	\$
5. Total tax credit (add lines 3 and 4) .....	\$



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**PART E – TAX CREDIT FOR 10% OF WAGES PAID TO QUALIFIED EMPLOYEES DURING THE FIRST 24 MONTHS OF EMPLOYMENT**

1. Number of employees eligible

2. Total Wages paid during this period to Qualified Employees ..... \$

3. Tax credit – Line 2 x 0.10 (Limited to \$5,000 per employee in the tax year.) ..... \$

**PART F – SUMMARY OF TAX CREDITS FOR A QHTC**

ELECTION #1: Amount of Business Tax Credit

1. Regular District of Columbia Corporation Franchise Tax (Part A, Line 2) ..... \$

2. QHTC Franchise Tax Credit (Part A, Line 4) ..... \$

3. Retraining Costs Tax Credit (Part B, Line 3) ..... \$

4. Qualified Disadvantaged Employee Wages (Part C, Line 4) ..... \$

5. Relocation Cost (Part D, Line 5) ..... \$

6. Qualified Employee Wages (Part E, Line 3) ..... \$

7. Total Credits (add Lines 2 through 6)..... \$

8. Net Tax (Line 1 minus Line 7) (If Line 7 is greater than Line 1 enter zero) ..... \$

9. Unused Business Tax Credits Carryover to 2002 (Line 7 minus line 1)

(If Line 1 greater than Line 7 enter 0)..... \$

10. Used Business Tax Credit (Line 7 minus Line 9) only if Line 7 is greater than zero

(enter here and on Form D-20, Line 38(d))..... \$

**PART G – ELECTION FOR REFUNDABLE CREDIT FOR QHTC RETRAINING COSTS**

ELECTION #2: Amount of Refund of Retraining Tax Credit

1. Amount of Unused Business Tax Credit Carryover to 2002 (Part F, Line 9)..... \$

2. Retraining Costs Tax Credit (Part B, Line 3) ..... \$

3. Unused Business Tax Credit Carryover excluding Retraining Costs Tax Credit

(Line 1 minus Line 2)..... \$

4. Amount from Line 1 or Line 2, whichever is smaller ..... \$

5. Amount of Retraining Costs Tax Credit to be refunded (50% of Line 4)

(enter here and on Form D-20, Line 44)..... \$

# QUALIFIED HIGH TECHNOLOGY COMPANY Certification of Gross Revenue

(To be filed with D-20CR)

For Tax Year Beginning: \_\_\_\_\_, 2001 and Ending \_\_\_\_\_

Company Name: \_\_\_\_\_ FEIN: \_\_\_\_\_ or SSN: \_\_\_\_\_

Column 1 Address of D.C. Location	Column 2 Gross Revenue from Permitted Activities					Column 3 Gross Revenue From Permitted Activities (add column 2 A thru E)	Column 4 Gross Revenue from Non-Permitted Activities	Column 5 Total Gross Revenue Permitted and Non-Permitted (add cols. 3 & 4)
	A	B	C	D	E			
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
TOTAL								

**Permitted Activities - D.C. Code § 47-1817.1(5)(A)(iii)**

- Activity A – Internet related services and sales.
- Activity B – Information and communication technologies, equipment and systems.
- Activity C – Advance material and processing technologies.
- Activity D – Engineering, production, biotechnology and defense technologies.
- Activity E – Electronic and photonic devices and components.

**NOTE:** Activities A through E must *not* include gross revenue from a retail store or an electronic equipment facility (Data Hotel).



# INSTRUCTIONS FOR FORM D-20CR

## WHO MAY USE FORM D-20CR?

A business which is a corporation, including a Limited Liability Company (LLC) which elected to be treated as a corporation for Federal tax purposes and which is certified as a QHTC may file a Form D-20CR to claim the credits indicated on Form D-20CR.

## SHOULD THE CERTIFICATION OF GROSS REVENUE, BE SUBMITTED WITH THE FORM D-20CR?

Yes, in the first year that the business is a Qualified High Technology Company for six or more months and in all subsequent years.

## WHAT IS A QUALIFIED HIGH TECHNOLOGY COMPANY?

A Qualified High Technology Company is an individual or entity organized for profit that:

- Maintains an office, headquarters, or base of operations in the District of Columbia;
- Has 2 or more employees, employed in the District of Columbia;
- Derives at least 51% of its gross revenue from one or more of the permitted activities listed below and in D.C. Official Code § 47-1817.1(5)(A)(iii);
- Does not receive 51% or more of its gross revenue from operating a retail store or electronic equipment facility, as defined in D.C. Official Code § 47-1817.1(5)(B)(i) and (ii), in the District; and
- Is appropriately registered as a business in the District, and is current in all District Government filing requirements and payment obligations.

## WHICH FORMS ARE REQUIRED TO CLAIM QUALIFIED HIGH TECHNOLOGY COMPANY CREDITS?

A company must file a corporate franchise tax return (D-20) to claim the credits entered on the Form D-20CR. The Certification for Qualified High Technology Company, Form QHTC-CERT, must also be filed. (This is required even if the company has been previously certified as a QHTC.)

## INSTRUCTIONS FOR FORM D-20CR

### PART A: REDUCTION IN D.C. CORPORATE FRANCHISE TAX RATE FOR A QUALIFIED HIGH TECHNOLOGY COMPANY (QHTC)

This part is used to reduce the corporation tax rate for a QHTC to 6% from the normal rate of 9.975%.

A QHTC located in a high technology development zone is not subject to the D.C. corporate franchise tax imposed on taxable income for a period of five years after the date that the QHTC commences business in the high technology development zone. However, in order to preserve the QHTC tax credit carryover, a QHTC in a high technology development zone should file a D.C. corporate franchise tax return for each year in which the QHTC is not subject to the D.C. corporate franchise tax.

The transfer of ownership of a QHTC does not affect eligibility under this section.

### PART B: TAX CREDITS FOR THE COSTS OF RETRAINING QUALIFIED DISADVANTAGED EMPLOYEES DURING THE FIRST 18 MONTHS OF EMPLOYMENT

A QHTC may claim a credit on its corporate franchise tax return for expenditures which it paid or incurred during the taxable year for retraining a qualified disadvantaged employee.

### PART C: TAX CREDIT FOR 50% OF WAGES PAID TO QUALIFIED DISADVANTAGED EMPLOYEES DURING THE FIRST 24 MONTHS OF EMPLOYMENT

A QHTC is allowed a credit against the D.C. Corporate Franchise tax equal to fifty percent (50%) of the wages paid to a qualified disadvantaged employee during the first 24 calendar months of employment.

The credit claimed is limited to \$15,000 for each qualified disadvantaged employee.

### PART D: TAX CREDIT FOR RELOCATION COSTS

A QHTC is allowed a credit against the D.C. Corporate Franchise tax for each dollar reimbursed to or paid on behalf of each qualified employee for relocation costs. The credit may not exceed:

- \$5,000 for each employee who relocates his or her employment to the District from a location outside the District but does not relocate his or her principal residence into the District. The annual credit shall not exceed \$250,000.
- \$7,500 for each employee who relocates his or her employment to the District from a location outside the District and who also relocates his or her principal residence into the District. The annual credit may not exceed \$1,000,000.
- For purposes of this subsection, the principal residence is determined as of the last day of the first six months of employment in the District by a QHTC.

### PART E: TAX CREDIT FOR WAGES PAID TO QUALIFIED EMPLOYEES DURING THE FIRST 24 MONTHS OF EMPLOYMENT

A QHTC is allowed a credit against the D.C. Corporate Franchise tax equal to 10% of the wages paid during the first 24 calendar months to a qualified employee. The qualified employee must be hired after December 31, 2000 and employed in the District by the QHTC in any of the "permitted activities."

### PART F: SUMMARY OF CREDITS FOR A QHTC

This part is a summation of tax reductions and credits claimed in Parts A through E. Be careful to copy the correct lines for Part F. Please enter the amount from line 10 of Part F on line 38(d) on Form D-20.

**PART G: ELECTION FOR REFUNDABLE CREDIT FOR QHTC  
RETRAINING COSTS**

Please complete this section if you want to receive a refund equal to 50% of the costs to retrain qualified disadvantaged employees.

**CERTIFICATION OF GROSS REVENUE WORKSHEET**

This worksheet is to be filed with the Form D-20CR.

Title Line. Enter the dates of the beginning and ending of the tax year for which certification applies, the name of the business and the Federal Employer Identification Number.

Column 1. D.C. address or location of each business.

Column 2. For each business location, enter gross revenue from each listed permitted activity.

Column 3. Enter the total for column A through E for each business location.

Column 4. Enter the gross revenue from the total non-permitted activities for each location.

Column 5. Enter the total gross revenue (add columns 3 and 4) from permitted and non-permitted activities for each location.



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Government of the District of Columbia Office of the Chief Financial Officer Office of Tax and Revenue  <b>D-30CR</b>	<b>Business Tax Credits Return</b> Qualified High Technology Company Not A Corporation (File With Form FP-332)	<b>2001</b>  OFFICIAL USE:
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FOR TAX YEAR BEGINNING AFTER DECEMBER 31, 2000

or

Tax Year beginning \_\_\_\_\_, \_\_\_\_\_ 2001 and ending \_\_\_\_\_, \_\_\_\_\_

BUSINESS NAME \_\_\_\_\_

FEDERAL EMPLOYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER \_\_\_\_\_

**TAX CREDIT FOR COSTS OF RETRAINING QUALIFIED DISADVANTAGED EMPLOYEES DURING THE FIRST 18 MONTHS OF EMPLOYMENT**

Amount of Refund of Retraining Tax Credit	DOLLARS ONLY
1. Retraining costs (enter total amount from line 12, Form FP-332, Column A) . . . . .	\$ _____
2. Maximum allowed total amount (from line 12, Form FP-332, Column C) . . . . .	\$ _____
3. Line 1 or 2 whichever is less . . . . .	\$ _____
4. Retraining costs claimed in prior years (line 12, Form FP-332, Column D) . . . . .	\$ _____
5. Retraining costs allowed in current year (Line 3 minus Line 4) . . . . .	\$ _____
6. Amount of Retraining Tax Credit to be refunded (Line 5 times .50) . . . . .	\$ _____

**INSTRUCTIONS**

**Form D-30CR**

**(Refundable Business Tax Credit for Retraining Costs incurred by Unincorporated Qualified High Technology Companies)**

**PURPOSE**

An unincorporated business that qualifies as a Qualified High Technology Company and has incurred retraining costs for disadvantaged employees may claim a business tax credit equal to 50% of the cost to retrain these disadvantaged employees. The credit may not exceed \$20,000 per disadvantaged employee during the first 18 months of employment.

**DUE DATE**

Each person or entity, other than a corporation, must file the Business Tax Credits Return (Form D-30CR) together with the Claim for Refund of Retraining Costs (Form FP-332) on or before the 15th day of the fourth month following the close of its accounting period.

**WHERE TO SUBMIT RETURN**

Mail the completed forms D-30CR and FP-332 to the Office of Tax and Revenue, P.O. Box 610, Washington, D.C. 20044-0610



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Government of the District of Columbia  
Office of the Chief Financial Officer  
Office of Tax and Revenue

**FP-332**

# CLAIM FOR REFUND OF RETRAINING COSTS

Qualified High Technology Company – Not a Corporation

**2001**

Company Name and Address: \_\_\_\_\_

Federal Employer Identification Number or Social Security Number: \_\_\_\_\_

EMPLOYEE'S NAME	SOCIAL SECURITY NUMBER	DATE OF EMPLOYMENT	NUMBER OF MONTHS EMPLOYED	COLUMN A RETRAINING COSTS	COLUMN B MAXIMUM ALLOWED AMOUNT	COLUMN C AMOUNT IN COL. A OR COL. B, WHICH- EVER IS LESS	COLUMN D AMOUNT CLAIMED IN PRIOR YEAR	COLUMN E RETRAINING COST AVAILABLE FOR CREDIT IN CURRENT YEAR (COL C MINUS COL D)
1. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
2. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
3. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
4. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
5. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
6. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
7. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
8. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
9. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
10. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
11. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
12. TOTALS				\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
13. CURRENT YEAR RETRAINING COST AVAILABLE FOR TAX CREDIT				\$ _____				\$ _____
14. AMOUNT OF REFUNDABLE RETRAINING TAX CREDIT (50% OF LINE 13)				\$ _____				\$ _____

Under penalty of perjury, I declare that I have examined this claim and to the best of my knowledge it is correct.

Signature of Owner or Officer \_\_\_\_\_ Company Name \_\_\_\_\_ Date \_\_\_\_\_

Company's Address \_\_\_\_\_ Telephone Number \_\_\_\_\_ E-Mail Address \_\_\_\_\_

## **INSTRUCTIONS FOR FORM FP-332**

Enter the beginning and ending of the tax year, the company name and Federal Employer Identification Number or the Social Security Number.

### **WHO MAY USE THE FORM D-332?**

Businesses which are not a corporation and which are certified as a Qualified High Technology Company may claim a partial refund of the retraining tax credit.

You are a Qualified High Technology Company if:

- (a) You are an individual or entity organized for profit;
- (b) You maintain an office, headquarters, or base of operations in the District of Columbia;
- (c) You have 2 or more employees in the District;
- (d) At least 51% of your gross revenue is derived from one or more of the permitted activities listed in pamphlet FR-399;

- (e) You do not receive 51% or more of gross revenue from operating a retail store or electronic equipment facility in the District;
- (f) You are appropriately registered as a business in the District; and
- (g) You are current in all District Government filing requirements and payment obligations.

### **HOW AND WHEN TO FILE**

To claim the retraining tax credit, a Qualified High Technology Company that is not a corporation must attach the form QHTC-CERT, Certification for Qualified High Technology Company and form D-30CR, Business Tax Credits Return for a Qualified High Technology Company not a corporation to the FP-332, Claim for Refund of Retraining Costs.



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Government of the District of Columbia  
Office of the Chief Financial Officer  
Office of Tax and Revenue

**QHTC-CERT : 2001**  
CERTIFICATION FOR QUALIFIED HIGH  
TECHNOLOGY COMPANY

OFFICIAL USE:

1. \_\_\_\_\_  
Name of Company Federal Identification Number or SSN Taxable Year Ending  
Real Property Eligible for Abatement Square \_\_\_\_\_ Suffix \_\_\_\_\_ Lot \_\_\_\_\_

**Certifies that it is a Qualified High Technology Company and that it (check all that apply):**

- 2.  Is an individual or entity organized for profit;
- 3.  Maintains an office, headquarters, or base of operations in the District of Columbia;
- 4.  Has two or more employees in the District of Columbia;
- 5.  Derives at least 51% of its gross receipts from one or more of the following (check all that apply):
  - a.  Internet-related services and sales;
  - b.  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;
  - c.  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;
  - d.  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; or
  - e.  Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content.
- 6.  Does not derive 51% or more of its gross receipts from the operation in the District of Columbia of a retail store or an electronic equipment facility as defined in DC Official Code section 47-1817.1 (5)(B)(i) and (ii); and
- 7.  Is appropriately registered as a business in the District and is current in all District Government filing requirements and payment obligations.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge it is correct.

\_\_\_\_\_  
Signature of Owner or Officer Company Name Date

\_\_\_\_\_  
Company's Address Telephone Number

\_\_\_\_\_  
Fax Number e-mail address

## **INSTRUCTIONS FOR FORM QHTC-CERT, CERTIFICATION FOR QUALIFIED HIGH TECHNOLOGY COMPANY**

### **WHO MAY USE THE CERTIFICATION FORM?**

Any Business that wishes to be certified as a Qualified High Technology Company.

### **WHEN SHOULD MY BUSINESS SUBMIT FORM QHTC-CERT?**

Form QHTC-CERT must be attached to any tax return claiming the benefits of the New E-Conomy Transformation Act of 2000.

Such returns include the following:

Form D-20 – D.C. Corporation Franchise Tax Return  
Form FR-800M – D.C. Monthly Sales and Use Tax Return  
Form FR-800A – D.C. Annual Sales and Use Tax Return  
Form FP-31 – D.C. Personal Property Tax Return  
Form FR-128 – Extension of Time to File D.C. Franchise or Partnership Return  
Form D-30CR – Business Tax Credits Return for QHTC not a Corporation  
Form FP-129A – Extension of Time to File D.C. Personal Property Tax Return or Report

### **INSTRUCTIONS FOR COMPLETING FORM QHTC-CERT.**

#### **Numbers correspond to line numbers on the form**

Line 1. Enter the business name, the Federal Employer Identification Number (FEIN) or the Social Security Number (SSN), and the end of the company's taxable year. For companies claiming an abatement of real property tax, fill in the square, suffix and lot numbers for the real property eligible for the abatement. If claiming abatement for more than one property, please attach a listing.

Lines 2 through 7. Place an X in each of the boxes that apply to your business.

Form QHTC-CERT must be signed and dated by an Owner, General Partner or Officer of the business authorized to sign. Please provide the company's address, telephone, fax number and e-mail address.

**NOTE: The boxes for lines 2, 3, 4; at least one box in line 5a through 5e, and lines 6 and 7 must be completed per these instructions. If these boxes are not completed, the company is not a Qualified High Technology Company and is not entitled to any of the benefits of the New E-Conomy Transformation Act of 2000.**



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**CLAIM FOR REFUND**

SALES AND USE TAX

**FP-331**

CLAIM # \_\_\_\_\_

NAME OF TAXPAYER \_\_\_\_\_

TRADE NAME \_\_\_\_\_ FEDERAL EMPLOYER IDENTIFICATION NO./SSN \_\_\_\_\_

STREET ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_ PHONE # \_\_\_\_\_ FAX # \_\_\_\_\_

**NOTE: FOR TAX PAID ON MORE THAN ONE RETURN, LIST EACH ON A SEPARATE LINE**

PERIOD ENDED	TOTAL TAX PAID	DATE OF PAYMENT	AMOUNT OF REFUND CLAIMED	EXPLANATION OF OVERPAYMENT

**TOTAL** (FOR ADDITIONAL SPACE, USE OTHER SIDE)

Under penalties of law the duly authorized applicant(s) do solemnly swear or affirm that the foregoing statements are correct to the best of my (our) knowledge.

AUTHORIZED SIGNATURE \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

OFFICIAL USE			
	INITIAL	DATE	AMOUNT
APPROVED			
DENIED			



## INSTRUCTIONS for FP-331

### SALES AND USE TAX

Section 47-2020(a) of the D.C. Sales Tax Act allows a refund of tax erroneously or illegally collected by the District, if a claim is filed within THREE YEARS from the date of payment of the tax. Where the tax has been collected from the customer, it must be refunded to the customer in cash or credit before making application for refund from the District. If the claim relates to a QHTC it must be accompanied by a certification for Qualified High Technology Company (form QHTC-CERT). The original of this form should be filed with the Office of Tax and Revenue and a copy retained by the taxpayer.

Sufficient evidence to support a claim for refund must be submitted with the claim. The evidence should include copies of original invoices, Certificates of Resale, Contractor's Exempt Purchase Certificates, tax exemption numbers of semipublic institutions, credit memos for returned sales or taxes refunded to customers and any other related documents.

The claim **must** be mailed to:

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF TAX AND REVENUE  
AUDIT DIVISION  
P.O. BOX 556  
WASHINGTON, D.C. 20044-0556

QUESTIONS OR INQUIRIES SHOULD BE DIRECTED TO (202) 727-4829.

**QUALIFIED HIGH TECHNOLOGY COMPANY—EXEMPT PURCHASE CERTIFICATE**  
**DISTRICT OF COLUMBIA SALES AND USE TAX**

TO:			ISSUED BY:		
VENDOR			PURCHASER		
VENDOR'S STREET ADDRESS			TRADE NAME (IF ANY)		
CITY	STATE	ZIP CODE	PURCHASER'S STREET ADDRESS		
SELLER MUST KEEP THIS CERTIFICATE TO SUBSTANTIATE EXEMPT STATUS			CITY	STATE	ZIP CODE
FEIN			SOCIAL SECURITY NUMBER		
<input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		

**TYPES OF EXEMPTION**

Sales to a Qualified High Technology Company of computer software or hardware, and visualization and human interface technology equipment, including operating and applications software, computers, terminals, display devices, printers, cable, fiber, storage media, networking hardware, peripherals, and modems are exempt from sales and use tax when purchased for use in connection with the operation of the Qualified High Technology Company.

I certify that any items of the above mentioned property purchased from you are for use in connection with the operation of a Qualified High Technology Company as defined in D.C. Code Sec. 47-1817.1(5)(A).

This certificate shall be considered a part of each order we shall give, provided the order contains our District of Columbia Certificate of Registration number and will continue in force until revoked by a written notice to you.

AUTHORIZED SIGNATURE	TITLE	DATE
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**SELLER MUST KEEP THIS CERTIFICATE**

**INSTRUCTIONS**

To use this certificate the purchaser must be registered with the District of Columbia for sales and use tax. This certificate is not valid unless it contains the purchaser's FEIN or SSN. Also, it must be signed by the owner or authorized officer and dated.

If the issuer of the certificate buys items from the seller that do not qualify for tax exemption, you should advise the seller to charge the appropriate sales tax on such items. Otherwise, the purchaser is required to report use tax directly to the Office of Tax and Revenue using the Sales and Use Tax returns (FR-800A annual or FR-800M monthly).

The seller must retain all Certificates of Exempt Purchases to substantiate tax exemptions in case of an audit of its D.C. Sales and Use Tax returns.

**Qualified High Technology Company Retraining Costs for  
Qualified Disadvantaged Employees**

**Tax Credit Worksheet**

	Employee 1	Employee 2	Employee 3	Employee 4	Employee 5	Employee 6	Employee 7
1. Employee's Name							
2. Employee's Social Security Number							
3. Date employed in District							
4. Training Expense (Note 1)							
5. Prior Year Credit (Note 2)							
6. Current Year Credit (Subtract line 5 from line 4)							

Note 1 – Total eligible retraining expenditures, not to exceed \$20,000, paid or incurred by a QHTC to retrain this Qualified Disadvantaged Employee in his or her first 18 months of employment in the District.

Note 2 – Qualified Disadvantaged Employee's Retraining Costs Tax Credits claimed for this employee in the prior year.