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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)..... \$

# 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:

- (a) Maintains an office, headquarters, or base of operations in the District of Columbia;
- (b) Has 2 or more employees, employed in the District of Columbia;
- (c) 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);
- (d) 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
- (e) 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:

- (a) \$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.
- (b) \$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.
- (c) 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.