GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer
Office of Tax and Revenue

2000 CORPORATION FRANCHISE TAX BOOKLET D-20

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If you need to file any of the following:

FP-31	Personal Property Tax Return
FR-800A or 800M	Sales and Use (Annual or Monthly) Tax Return
FR-1000	Arena Fee Return

Call **(202) 727-4TAX(4829)** for information

Peel off the label and place it on the address area of the Form D-20 return. If the information on the label is incorrect, make the necessary changes on the label.

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TAX FRAUD HOTLINE

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Report Tax Fraud and Make a Difference in Your Community

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Government of the
District of Columbia
Attention: Tax Fraud Hotline
Office of Tax and Revenue
941 North Capitol Street N.E.
Suite 840
Washington, DC 20002

E-mail:
Taxfraudhotline@otrtax.dcgov.org

What Should Be Reported to the Hotline

- *Failure to file tax returns*
- *Failure to pay or correctly report taxes*
- *False Schedule H returns*
- *Claiming of false dependents*
- *Fraudulent D.C. employee withholding Allowance Certificate (Form D-4)*
- *Fraudulent employer withholding tax statement (Form W-2)*
- *Fraudulent returns and return preparer schemes*
- *Real property tax fraud*
- *Sale of Social Security numbers for dependents*
- *Tax evasion activity*
- *Unlicensed businesses*
- *Unrecorded payments to employees*
- *Unreported income*
- *Inappropriate actions by Office of Tax and Revenue employees*

CORPORATION FRANCHISE TAX RETURN INSTRUCTIONS

GENERAL INSTRUCTIONS

IMPORTANT

The corporation franchise tax rate is 9.975%.

All items on the Form D-20, Corporation Franchise Tax Return, must be completed, otherwise, the return will be sent back to you. ***Do not use phrases such as "see attached schedule" in lieu of reporting amounts.*** However, you may provide additional information in an attached statement. Please make sure that your correct tax year (beginning and ending dates) is entered in the space provided on the form.

Note: A bar code has been placed on all District of Columbia tax forms as part of a program to process returns faster and more efficiently. The bar code identifies the form type, tax year and page number, and thus expedites the processing of returns.

Refund Offset: If you owe other District of Columbia tax liabilities, all or part of any overpayment may be used (offset) to pay these past due amounts.

A. CORPORATIONS REQUIRED TO FILE A FRANCHISE TAX RETURN: Generally, every corporation (including small businesses, professional and S corporations) carrying on or engaging in any trade, business or commercial activity within the District or receiving income from District sources, including activities in the District that benefit an affiliated entity of the taxpayer is required to file Form D-20, unless the right to exemption has been established. Whether a corporation is carrying on or engaging in a trade or business within the District is determined by the nature and extent of the corporation's activities within the District conducted by its own employees or through agents or other representatives.

Corporate general partners and corporate limited partners of a partnership that file the unincorporated business franchise tax return (Form D-30) are considered to be engaging in a trade or business and will be required to file a Form D-20 return. Line 24 (Other Deductions) should be used to deduct the corporate partner's distributive share of income on which the tax was paid by the unincorporated business.

Services performed for subsidiary corporations constitute the carrying on of a trade or business. Therefore, dividends received from such subsidiaries are considered to be business income subject to taxation.

A corporation will be considered to be engaged in a trade or business in the District and will be required to file a return if it: (1) has or maintains an office, warehouse or other place of business in the District; or (2) has an officer, agent or other representative with an office or other place of business in the District. However, the words "trade or business" do not include sales of tangible personal property by a corporation if the corporation does not have or maintain an office, warehouse or other place of business in the District; or does not have goods in the District in a warehouse or on consignment (or similar agreement); and does not have an officer, agent or other representative with an office or other place of business in the District, provided, for purposes of exclusion from the requirement to file a return, the words "agent" or "representative" shall not include an independent broker engaged in soliciting orders in the District for "more than one principal" and who holds himself/herself out as such.

Notwithstanding the foregoing exclusion from the words "trade or business", it is not necessary for a corporation to have an office or other place of business in the District in order to be required to file a return. If a corporation derives income from work done or services performed within the District, or from any type of business activity in the District, other than sales of tangible personal property, or receives income from District sources, a Form D-20 return must be filed.

Income from sales of tangible personal property to the United States Government is considered to be income from a District source unless:
1. the principal place of business of the corporation is outside the District, or
2. the property is delivered from places outside the District, or
3. the property is for use outside the District.

Corporations which have been recognized as exempt from D.C. franchise taxes are subject to tax on unrelated business income as defined in section 512 of the Internal Revenue Code. The minimum tax requirement is also applicable to the tax-exempt organizations which report gross income received from any unrelated trade or business activity.

An organization described under Section 527 of the Internal Revenue Code is subject to tax on taxable income as defined under Section 527 without regard to a specific deduction under such section. Taxable income is reportable on Form D-20. The minimum tax requirement is also applicable.

B. RATE AND MEASURE OF TAX: The amount of the franchise tax is determined by applying the effective tax rate to the total taxable income, which is the sum of (a) the portion of the total net income from a trade or business attributable to business done in the District and (b) other net income from District sources. The minimum tax payable is $100. How to determine the total taxable income is explained in the specific instructions beginning on page 2.

C. WHEN AND WHERE TO FILE THE RETURN AND PAY THE TAX: The corporation franchise tax return together with full payment for any tax due must be submitted on or before March 15th for calendar year filers, and the fifteenth day of the third month following the close of the taxable year for fiscal year filers. If the due date falls on a Saturday, Sunday, or legal holiday, the return is due the following business day.

The return and payment should be mailed to the D.C. Office of Tax and Revenue, Ben Franklin Station, P.O. Box 601, Washington, D.C. 20044-0601. Make the check or money order payable to the D.C. Treasurer. Write on the payment your Federal Employer Identification Number, D-20 and the tax year.

D. EXTENSION OF TIME TO FILE: An extension of time to file a return may be requested by filing District Form FR-128 on or before the due date of the return. Full payment of any tax liability, less credits, is due with the extension request otherwise the request will be denied. Copies of a federal request for extension of time to file are **not** acceptable.

E. FEDERAL ADJUSTMENTS AND AMENDMENTS: The law requires that if the Internal Revenue Service made any adjustment to your federal income tax return or if you file an amended return with the Internal Revenue Service, you must submit within 90 days thereafter separately from your current franchise tax return, either a detailed statement of the adjustment(s) or an amended D.C. franchise tax return. **NOTE:** Form D-2030X, previously used to amend Form D-20 is obsolete and should not be used. Form D-20 has been revised to include an "Amended Return" box in the upper right-hand corner of the form.

When submitting a detailed statement of the adjustment(s), be sure to include your business name and address, special mailing address if applicable, your Federal Employer Identification Number and the tax period involved. A "COPY" of the originally filed form D-20 should be attached to the detailed statement.

To file an amended return, you must use the new Form D-20 and check the "Amended Return" box. Also, you must complete the "Taxable Year Ending" box for the tax year being amended and attach a detailed statement of the adjustment(s). A "COPY" of the originally filed Form D-20 should be attached to the amended return.

Mail the detailed statement and/or the amended return with accompanying documents to the D.C. Office of Tax and Revenue, Audit Division, P.O. Box 601, Washington, D.C. 20044-0601.

Be sure to include on any separately submitted statements, your business name and address, your Federal Employer Identification Number, form number D-20 and the tax period involved.

F. PENALTIES AND INTEREST: The law prescribes severe penalties for the failure to file a return, for filing a false or fraudulent return, or for attempting to defeat or evade the tax.

The civil penalty for the failure to file a return on time or the failure to pay any tax when due is 5% of the unpaid portion of the tax due for each month, or fraction thereof, that the failure to file or pay continues, but it may not be more than 25% of the tax due.

In the case of a substantial understatement of tax, there shall be added to the tax due an amount equal to 20% of the amount of any underpayment attributable to the understatement. Understatement means the excess of the amount of tax required to be shown on a return, or the amount of tax as determined through an audit or review, over the amount of tax that is shown on any original or amended return, less any overpayment, credit or refund. There is a substantial understatement of tax if the amount of the understatement exceeds the greater of: (a) 10% of the tax required to be shown on the return; or (b) $2,000.

Interest at the rate of 1.5% per month, or portion of a month, must be paid on any tax that remains unpaid after the due date of the return. Interest is computed from the due date of the return to the date of payment and applies even if an extension of time to file has been granted.

Tax Preparer Penalty provisions enacted in Public Law 10-115 (D.C. Code § 47-163) provide for a tax return preparer penalty when liability is understated. Penalties are assessed whenever a tax preparer prepares a return or a claim for refund based on an unrealistic position; where the applicable law or regulation should have been known by the preparer; or where relevant facts for the position are not adequately disclosed. Penalties range from $50 to $10,000.

Charge for Dishonored Checks. You will be charged $50 if your check written in payment of any obligation due the District of Columbia is not honored by your bank.

G. SIGNATURE AND VERIFICATION: An authorized officer of the corporation must sign the return. A receiver, trustee, or assignee must sign any return that he/she is required to file on behalf of a corporation. Any person who prepared the return for compensation must also sign the return. If a firm or corporation prepares a return, it should be signed in the name of the entity. The signature requirement does not apply when a regular employee of the taxpayer prepares a return.

SPECIFIC INSTRUCTIONS

Every corporation required to file a return must complete all schedules and also furnish the information required on the Form D-20, in accordance with these Specific Instructions.

Allocations and Apportionment Required –Any corporation carrying on a trade or business both within and outside the District must subject all of its business income to apportionment and must allocate to within and outside D.C. those items of income which are clearly determined to be non-business income. Dividend income should be apportioned where the recipient parent's services are not otherwise commensurably compensated.

The net income from trade or business activities must be apportioned to the District in accordance with the appropriate apportionment formula as hereinafter provided.

Definitions – of the words and terms used in these instructions (unless the context requires otherwise) are as follows –

Business income means income arising from transactions and activities in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute parts of the taxpayer's regular trade or business operations. Income of any type, such as manufacturing income, compensation for services, sales income, interest, dividends, rents, royalties, gains, operating and non-operating income or from any class and from any source is business income if it arises from transactions and activities, occurring in the regular course of a trade or business. The critical factor in determining whether income is business or non-business is the identification of the underlying transactions and activities, which are elements of a particular trade or business. In general, all transactions and activities of the taxpayer that depend upon or contribute to the operation of the taxpayer's economic enterprise as a whole constitute the taxpayer's trade or business. These transactions and activities are those arising in the regular course of business and constituting integral parts of the trade or business.

Commercial domicile means the principal place from which the trade or business of the taxpayer is directed or managed.

Compensation means wages, salaries, commissions and other forms of remuneration paid or accrued to employees for personal services.

Non-business income means all income other than business income.

Transportation company means any person engaged in the transportation of persons or goods or property of others for hire.

Sales mean all gross receipts of the taxpayers, including any dividends, interest and royalties, considered to be business income, which are not required to be allocated.

Taxable in another state means, for purposes of allocation and apportionment of income, where a 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 in that other state.

INCOME

(Numbers correspond to line numbers on Page 1 of Form D-20)

1. **GROSS RECEIPTS:** Enter the total gross receipts from sales and operations, minus returns and allowances.

2. **COST OF GOODS SOLD:** Enter the figure shown on Line 7 of Schedule A of Page 3. If the production, manufacture, purchase, or sale of merchandise is an income-determining factor in the trade or business, inventories of merchandise should be taken at the beginning and end of the taxable year; and may be valued at cost, or at cost or market, whichever is lower, or by such other method as is being used by the corporation, with the consent of the Commissioner of Internal Revenue (for federal income tax purposes). An inventory method once adopted is to be used until permission to change has been obtained from the D.C. Office of Tax and Revenue. If the inventories do not agree with the balance sheet figures, attach a statement explaining the difference.

   COST OF OPERATIONS (where inventories are not an income-determining factor.) If the amount entered on Line 2, page 1 includes an amount applicable to the cost of operations, attach a statement showing: (1) salaries and wages; and (2) other costs in detail.

4. **DIVIDENDS:** Enter the total amount of all dividends received as reported on Schedule B, Page 3. A corporation is allowed a deduction for Subpart F income (as defined in Section 952 of the Internal Revenue Code) for taxable years after 12/31/94. A deduction is allowed for all dividends received on or after March 1, 1997 from a wholly-owned subsidiary.

   All dividends from sources outside the District that are not trade or business income should be included on Line 29(a), Page 2. Dividends received by corporations, financial institutions or investment firms are considered "business income" not subject to allocation, except in the case of dividend income on obligations or securities issued by the United States or its instrumentalities retroactive to January 24, 1983.

   Dividends received from the following corporations having their principal place of business in the District are treated as non-business income.
   (a) Corporations subject to this franchise tax.
   (b) Insurance corporations including bonding companies and real estate title insurance companies.
   (c) Banks, if the bank dividends were paid to a bank-holding company.

5. **INTEREST:** Enter all interest received by or credited to the corporation during the taxable year including interest paid on obligations of a State, Territory of the United States, or any political subdivision thereof, except on those of the District of Columbia. Expenses connected with the production of income from U.S. Treasury securities are includible on Line 29(b), page 2, after September 30, 1984. (Please attach a detailed statement.)

   Corporations and financial institutions should exclude, retroactively to January 24, 1983, interest income on obligations or securities issued by the United States or its instrumentalities.

   Interest received by a corporation not engaged in a trade or business in the District is not considered income from District sources where the interest received is from one of the following organizations with their principal place of business in the District:
   (a) Corporations subject to this franchise tax.
   (b) Insurance corporations including bonding companies and real estate title insurance companies.
   (c) Banks, if the bank dividends were paid to a bank-holding company.

   You should report this non-business interest income on Line 29(a), page 2, of your return.

Any interest income related to a trade or business activity carried on or engaged in within the District should not be entered on Line 29(a) but rather should be entered on Line 5.

6. **GROSS RENTAL INCOME:** Enter the gross amount received from the rental of real or personal property.

   Rental income related to a trade or business is not to be entered on Line 29(a) but should be entered on line 6.

7. **ROYALTIES:** Report royalty income and related expenses in the same manner as rental income and rental expenses. Royalties from patents developed by the taxpayer from the licensing of processes, sales of know – how and licensing of a trade name are considered "business income."

8. **a. NET CAPITAL GAIN:** Capital gains or losses are treated in the same manner as they are for federal corporation income tax purposes. Detailed instructions are available with Schedule D of the U.S. Corporation Income Tax Return (Federal Form 1120). Internal Revenue Code, section 1231 gains are considered "business income."
   b. ORDINARY GAIN (Loss): Enter the total ordinary gain (or loss) from federal Form 4797, (Sales of Business Property). Attach a completed copy of Form 4797 to your D.C. Form D-20. Such gains are considered "business income."

9. **OTHER INCOME:** Enter the total amount of income not reported elsewhere in the return and attach a statement showing the details. International Banking Facility income should be entered on Lines 9 and 29(a) and you should submit a detailed statement showing what constitutes such income.

   Other income related to a trade or business is not to be entered on Line 29(a) but should be entered on line 9.

DEDUCTIONS

(Numbers correspond to line numbers on Pages 1 and 2 of Form D-20)

Deductions are allowed only to the extent of their relation to income subject to the corporation franchise tax and subject to the limitations prescribed by the Internal Revenue Code either directly or through the inclusion of such income in the determination of the District of Columbia apportionment factor.

In connection with each of the following items of deductions, enter the total deductions allowed under District law.

Enter on Line 29(b) deductions related to the non-business income allocated either within or outside the District of Columbia.

11. **COMPENSATION OF OFFICERS:** Enter the amount of compensation for all officers as shown on Schedule C, Page 3 of Form D-20. Include compensation for services rendered to the taxpayer, in any other capacity, except salaries connected with the production of income from U.S. Treasury securities included on Line 29(b).

12. **SALARIES AND WAGES:** Enter the amount of salaries and wages not deducted elsewhere on the return (except salaries connected with the production of income from U.S. Treasury securities, which are to be included on Line 29(b)). Wages used to compute the Economic Development Zone Incentives Credit are not allowable as a deduction.

13. **REPAIRS:** Enter the cost of incidental repairs, including labor, supplies, and other items that do not add to the value or appreciably prolong the life of the property. Expenditures for new build-

ings, machinery and equipment or for permanent improvements or betterments that either increase the value or appreciably prolong the life of the property are chargeable to a capital account.

14. BAD DEBTS: Bad debts are treated in the same manner as they are for federal tax purposes and allowed to the same extent as allowed under the Internal Revenue Code. A copy of the pertinent schedule submitted with your federal return must be attached to your D-20.

15. RENT: Enter the amount of rent paid or accrued for business property in which the corporation has no equity. If any property is leased from an affiliated corporation, or from one of the stockholders, furnish the name and address of the lessor, the amount of rent paid and a description of the property rented.

16. TAXES: Enter taxes as reported on Schedule D, page 3. The following taxes are not allowable deductions and are <u>not</u> to be included in Schedule D:

(a) All income and excess profit taxes.

(b) Franchise taxes imposed by D.C. corporation franchise tax law.

(c) Taxes assessed for local benefits of a kind tending to increase the value of the property assessed.

17. INTEREST: Enter interest paid or accrued on business indebtedness. If the corporation has income from investments in securities or other property not subject to this franchise tax, the amount of interest expense subject to apportionment is the proportion of the total interest paid or accrued that the average value of all assets, other than the securities or other investments, bears to the average value of the total assets of the corporation, the remainder is entered on Line 29(b). For this purpose, an average value is computed by adding the beginning and ending value of assets shown on the balance sheet for the tax period and dividing by two, or it may be computed by using the daily balance method or any other method which is of supportable validity. Attach a statement showing this computation.

18. CONTRIBUTIONS OR GIFTS: Enter the amount of contributions or gifts actually made in the taxable year to or for the use of 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 stockholder or individual. The deduction for contributions may not exceed 15% of the net income before making any deductions for contributions. Detailed information concerning contributions and gifts must be reported in a separate statement to be attached to the return. Contribution carryovers are **<u>not</u>** allowed.

19. AMORTIZATION: Amortization will be allowed to the same extent as it is on your federal income tax return. Attach a completed copy of Federal Form 4562, Depreciation and Amortization. Note: Attach a statement and not Form 4562 if you are not a consolidated filer.

20. DEPRECIATION: Enter the amount of depreciation claimed on Federal Form 4562. The allowance does not apply to inventories, stock-in-trade or land. Attach a completed copy of the Form 4562. You must use the same depreciation method on your D.C. tax return as the one used on your federal income tax return if the method is approved by the Internal Revenue Service. The basis for computing depreciation is the same basis as that used for federal income tax purposes.

21. DEPLETION: Depletion will be allowed to the same extent as it is on your federal income tax return. Attach a statement to explain how the depletion allowance was determined.

22. ADVERTISING: Enter the amount paid or incurred during the year for advertising. To be deductible, advertising expenditures must be ordinary and necessary and bear a reasonable relationship to the business activities.

(Numbers correspond to line numbers on page 2 of Form D-20)

23. PENSION, PROFIT-SHARING PLANS: Enter the amount of contributions made to employees' pension, profit-sharing and stock bonus or annuity plans. These contributions are deductible to the same extent as they are for federal income tax purposes.

24. OTHER DEDUCTIONS: Enter the amount of other deductions allowed by law and connected with the production of business income subject to the corporation franchise tax. Deductions connected directly and indirectly with the production of non-business income, as well as International Banking Facility deductions, should be entered on Line 29(b) and explained in a detailed statement submitted with your return.

<u>FRANCHISE TAX COMPUTATION</u>

26. NET INCOME: Enter on Line 26 the Net Income (**Line 10 minus Line 25**). If the total net income is from a trade or business carried on entirely within the District, and no entries are made on **Lines 27 thru 31**, the figure shown on **Line 26** should be entered on **Line 34.**

27. NET OPERATING LOSS DEDUCTION: The net operating loss deduction is limited to the amount of the net operating loss deduction actually claimed on the federal corporation income tax return for the same year. Net operating losses that are passed through to stockholder-owners and allowed on their individual income tax returns are not deductible on the D.C. Corporation Franchise Tax return.

29. Report on lines 29(a) and 29(b) non-business income and related expenses. Enter the difference on line 29(c) and submit a detailed statement explaining the allocation of income and expenses.

30-42. Complete in accordance with instructions on the form.

<u>ALLOCATION OF NON-BUSINESS INCOME</u>

1. Rents and royalties from real or tangible personal property, gains and profits from the sale of property, interest, dividends, rents and royalties from patents, copyrights, trademarks, service marks, secret processes and formulas, goodwill, franchises and other like property, certain sales of tangible personal property to the United States Government, and any other income from sources within the District, to the **extent that they constitute non-business income,** are allocated as provided in the following paragraphs (2 through 8).

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: (1) to the extent that the property is used or located in the District; or (2) in their entirety if the taxpayer's principal place of business is in the District and the taxpayer is not taxable in the state where the property is used.

The extent of the use of tangible personal property in the District is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days the property is physically located in the District during the rental or royalty periods in the taxable year. The denominator 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, tangible personal property is considered as used in the state in which the property was located at the time the rental or royalties payer obtained possession.

3.(a) Gains and losses from sales or other dispositions of real property (other than realty used in the trade or business whether held for sale or otherwise) located in the District, are allocable to the District.

(b) Gains and losses from sales or other dispositions of tangible personal property (other than tangible personal property of any kind used in the trade or business whether held for sale or otherwise) are allocable to the District if: (1) the property had a situs in the District at the time of sale; or (2) the taxpayer's principal place of business is in the District and the taxpayer is not taxable in the state in which the property had a situs.

(c) Gains and losses from sales or other dispositions of intangible personal property (other than intangible personal property of any kind used in the trade or business whether held for sale or otherwise) are allocable to the District if the taxpayer's principal place of business is in the District.

4. Interest and dividends of a non-business nature derived from sources within the District are allocable to the District unless specifically excluded from taxation and subject to apportionment as business income.

5. Rents and royalties from patents, copyrights, trademarks, service marks, secret processes and formulas, goodwill, franchises and other like property are allocable if not derived from a trade or business activity, or used in the trade or business. Such royalties shall be allocated according to where the patent is situated or used, or where the copyrighted material is published or used. If the District is the principal place of business of a corporate entity not subject to tax anywhere else, then the rent or royalty income is allocable to the District.

6. Income from the sale of tangible personal property to the United States Government by a corporation that has its principal place of business outside the District is income from District sources if the property is delivered from places outside the District for use in the District.

7. All other non-business income derived from sources within the District is allocable to the District.

8. Where income is allocable both within and outside the District, all expenses, losses and other deductions incurred in the production of the income is similarly allocable. Losses incurred in the production of non-business income are allowed if profits from the transaction would be taxable under the law.

FORM D-20 SCHEDULES

SCHEDULE E – Reconciliation of Net Income Reported on Federal and District of Columbia Returns: Please furnish the required information in order to account for any differences between the net income reported on the federal return and the District return.

SCHEDULE F – D.C. Apportionment Factor: Corporations carrying on their trade or business both within and outside the District must use the three factor formula to apportion business income to the District. Corporations domiciled in the District and not subject to tax anywhere else must report 100% of their net business income to the District and allocate 100% of their non-business income to the District.

A corporation engaging in a trade or business both within and outside the District shall apportion all trade or business income 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 is three, reduced by the number of factors, if any, having no denominator.

Financial institutions must use a two factor formula, determined by multiplying the financial institution's base (net income for the taxable year) by an apportionment fraction, the numerator of which is the sum of the payroll factor plus the gross income factor and the denominator is 2.

A. 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 by or rented to the taxpayer and used by the taxpayer in the District during the taxable year, and the denominator is the average value of all the taxpayer's real and tangible personal property owned by or rented to the taxpayer and used by the taxpayer during the taxable year, except that neither the numerator nor the denominator of the property factor shall include property, or any portion thereof, which is not used to produce business income.

(2) In the case of transportation companies, the numerator of the property factor, in addition to that of other property described in (1) above, shall include that portion of the average value of vehicles, rolling stock, aircraft, watercraft of all kinds and other equipment used by the taxpayer during the taxable period to transport persons and property both within and outside the District as the total miles per unit of equipment traveled in the District by each class of such property bears to the total miles per unit of equipment traveled everywhere by each respective class of such property. **In the case of railroad companies,** the classes of property referred to above are those classes required to be reported for District personal property tax purposes pursuant to the Act of December 15, 1945, 59 Stat. 610 (Section § 47-1512, D.C.Code, 1981).

(3) Where property is used in any activities the income from which is allocable or apportionable under D.C. regulations, the taxpayer may employ, subject to the approval of the D.C. Office of Tax and Revenue, or as that Office may require, the use of any method which will properly reflect the portion of the average value thereof to be used in arriving at the property factor.

(4) Property owned by the taxpayer is valued at its original cost to the taxpayer plus the cost of any additions and improvements. If the original cost to the taxpayer of any property is not determinable or is zero, the property will be valued by the D.C. Office of Tax and Revenue at an amount equal to its market value at the time of its acquisition by the taxpayer. Property rented to the taxpayer is valued at eight times the net annual rental rate. This is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from sub-rentals, provided that the rental and sub-rental rates are reasonable. The term "net annual rental rate" also includes amounts paid or accrued for the use or rental of the property or facilities of another whether paid as rent, as reasonable compensation for use or by any other designation, and whether paid pursuant to statutory enactment, lease, or rental agreement of any kind, contract, or otherwise. However, payments for leased property, which are capitalized for federal tax purposes, are not considered rent and will only be included in this factor to the extent of its capitalized value for federal tax purposes. If the D.C. Office of Tax and Revenue determines that any net annual rental rate or sub-rental rate is unreasonable, or if a nominal or zero rate is charged, it may determine and apply a rental rate that will reasonably reflect the value of the property rented by the taxpayer.

(5) The average value of property is determined by averaging the values at the beginning and end of the tax period. However, a taxpayer may use, subject to the approval of the D.C. Office of Tax and Revenue, or that Office may require the averaging of monthly or quarterly values during the tax period, if necessary, to properly reflect the average value of the taxpayer's property.

B. Payroll Factor: (1) The payroll factor is a fraction, the numerator of which is the total compensation paid or accrued by the taxpayer in the District during the taxable year, and the denominator is the total compensation paid or accrued by the taxpayer everywhere during the taxable year. However, neither the numerator nor the denominator of the payroll factor includes compensation paid or accrued to employees for personal services rendered in the production of non-business income. Compensation paid or accrued other than in cash shall be valued at its fair market value as of the date of payment or accrual. Payments to independent contractors are not used in the computation of a payroll factor.

(2) In the case of transportation companies, the numerator of the payroll factor, in addition to other compensation previously described in paragraph (1), includes that portion of the total compensation paid or accrued to employees who are employed on vehicles, rolling stock, aircraft, watercraft of all kinds, and other equipment used by the taxpayer during the taxable period to transport persons and property both within and outside the District, determined by applying to that total compensation the percentage previously computed pursuant to Paragraph A(2) relating to the portion of the average value of vehicles, rolling stock, aircraft, watercraft of all kinds and other equipment of transportation companies to be included in the numerator of the property factor.

(3) Where compensation is paid or accrued for services the income from which is allocable or apportionable under D.C. regulations, the taxpayer may use, subject to the approval of the D.C. Office of Tax and Revenue or that Office may require, the use of any method which will properly reflect the portion thereof to be used in arriving at the payroll factor.

(4) Compensation is paid or accrued in the District if:

(a) the individual's services are performed entirely within the District; or

(b) the individual's services are performed both within and outside the District, but the services performed outside the District are incidental to the individual's services within the District; or

(c) some of the individual's services are performed in the District and: (1) the base of operations or, if there is no base of operations, the place from which the services are directed or controlled is in the District; or (2) the base of operations or the place from which the services are directed or controlled is not in the District, or in any state in which some part of the services are performed but the individual's residence is in the District.

(5) In the case of financial institutions, the payroll factor is a fraction, the numerator of which is the total amount paid or accrued in the District by the financial institution as compensation and the denominator is the total amount paid or accrued everywhere by the financial institution as compensation during the taxable year.

Compensation is paid in the District if it is paid to an employee considered to be located or as having a regular presence in the District. Any compensation paid by a financial institution to an employee located in a state in which the financial institution is not taxable is considered to have been paid in the District, if the financial institution has its principal office located in the District.

C. Sales Factor. (1) The sales factor, except for transportation companies is a fraction, the numerator of which is the total sales of the taxpayer in the District during the taxable year and the denominator is the total sales of the taxpayer everywhere during the taxable year.

(2) The sales factor in the case of transportation companies is a fraction. The numerator of which is the total revenue units first received by the company as originating or connecting traffic at a point within the District plus the total revenue units discharged or unloaded by the company at a point within the District at the termination of the transportation movement or for transfer to a connecting carrier. The denominator is twice the total revenue units originated everywhere during the taxable year. One ton of freight constitutes one revenue unit; ten passengers constitute one revenue unit. If the company's revenue is predominantly from the transportation of passengers, the number of passengers loaded and discharged may be used in place of originating and terminating tonnage.

(3) Sales of tangible personal property, including sales to the United States Government, are in the District, regardless of the point of passage of title, F.O.B. point, or other conditions of such sales, if:

(a) the property is delivered or shipped to a purchaser within the District; or

(b) the ultimate destination of the property, after all transportation including transportation by the purchaser has been completed, is a point within the District; or

(c) the property is delivered or shipped from an office, store, warehouse, factory or other place of storage in the District to a destination outside the District and the taxpayer is not taxable in the state to which the property is delivered or shipped.

(4) Except for transportation companies, sales other than sales of tangible personal property, are in the District if:

(a) the income-producing activity or service is performed in the District; or

(b) the income-producing activity or service is performed both within and outside the District and a greater proportion of the income-producing activity or service is performed in the District over that performed in any other jurisdiction, based on the cost of performance.

(5) The Sales Factor in the case of a financial institution is a gross income factor, being a fraction, the numerator of which is the financial institution's gross income considered as located in the District during the taxable year and the denominator is the total gross income of the financial institution during the taxable year.

(a) A financial institution whose commercial domicile is in the District and which is subject to tax in another jurisdiction, shall include in the numerator of the income factor for the District any income not required by the other jurisdiction to be included in the numerator of an income factor.

(b) All interest, loan placement fees, discount, net gain and other forms of gross income from each loan, which is secured primarily by real estate are considered located in the District if the predominant part of the secured property is or will be located in the District.

(c) All interest, loan placement fees, discount and net gain from each unsecured loan and each loan secured primarily by tangible or intangible personal property, or any participating interest therein are considered to be located in the District if the loan is originated in the District.

(d) In the case of a financial institution whose commercial domicile is in the District, income from securities, investments, money market instruments or from any other source not required to be apportioned outside the District, is considered to be located in the District. Such income shall include but is not limited to interest, dividends and net gains.

(e) All fees, commissions, service charges and other forms of gross income from the sale of depository or financial services are considered to be located in the District if the service is performed in the District. Sales or service rendered in two or more tax jurisdictions will, for purposes of the numerator, be included in the numerator of the jurisdiction in which the greater portion of the income-producing activity is performed, based on the costs of performance.

(f) Gross income from the lease of tangible property is considered to be located in the District if the property is located in the District.

All income described above which is located in a jurisdiction where the financial institution is not subject to tax is considered to be located in the District if the principal office of the financial institution is located in the District.

D. General. – If use of the rules for the allocation and apportionment of income results in a tax that does not fairly represent the taxpayer's tax liability arising either from a trade or business in the District or from non-business sources within the District, the taxpayer may petition for, or the D.C. Office of Tax and Revenue may require, with respect to all or any part of the taxpayer's trade or business or non-business income, if reasonable:

(1) a separate accounting, unless the entity is conducting a unitary business;
(2) exclusion of one or more of the factors;
(3) inclusion of one or more additional factors which will reflect the extent of the taxpayer's trade or business in the District; or
(4) use of any other method to effect a fair allocation and apportionment of the taxpayer's income.

Supplemental information (Page 5 of Form D-20): Please answer all questions contained in this schedule. The law requires the reporting of federal tax adjustments within 90 days of final determination. If changes in your federal income tax return have been made or proposed and the adjustments have not been previously reported to the D.C. Office of Tax and Revenue, submit the adjustments, separately from your return, as previously explained in general instruction E.

SCHEDULE G – Balance Sheets (Page 4 of Form D-20): Submit balance sheets as of the beginning and end of the taxable year. They should conform to the corporation's books and records, and agree with the same schedule on the corporation's Federal Corporation Income Tax Return. Any variation must be explained in a statement attached to the Form D-20.

SCHEDULES H-1 and H-2 – Reconciliation of Income (loss) per Books with Income (loss) per Return and Analysis of Unappropriated Retained Earnings per Books (Page 5 of Form D-20): Complete this schedule by providing the required information. The schedule should conform to the similar schedule on the corporation's Federal income tax return.

NOTE:
Estimated Tax – District of Columbia declaration of estimated franchise tax (D-20ES) vouchers for corporations must be filed by every corporation that expects its D.C. franchise tax liability to exceed $1,000 for the the taxable year.

ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT

The Economic Development Zone Incentives Amendment Act of 1988 (EDZI) allows a qualified business, under certain circumstances to take various credits against its business franchise tax liability. (The maximum annual credit is $7500.) A qualified business is an incorporated business approved as qualified under Section 5 of EDZI by the D.C. Office of Economic Development, (202-638-7340). You MUST complete the worksheet below and include the necessary attachments with your return. The following credits are allowed under EDZI:

1. A qualified business is allowed a credit against the corporation franchise tax in an amount equal to 50% of the wages of all certified employees who meet the requirements of Section 10(b) of EDZI;
2. A qualified business is allowed a credit against the corporation franchise tax in an amount equal to 50% of the insurance premiums attributable to all employees for whom it obtains employer liability insurance under the District of Columbia Worker's Compensation Action of 1979; and
3. A qualified business (lessor) is allowed a rent credit against the corporation franchise tax. The credit allowed is the difference between the rental market value of the space leased to a licensed non-profit child care center and the actual rent indicated on the lease agreement as indicated in the D.C. City Council resolution approving the qualification of the business. A non-profit child care center is a child development center as defined in Section 10 of EDZI.

If you are claiming an EDZI credit against your corporation franchise tax liability, you MUST attach to the return that you file:

1. A copy of the D.C. City Council Resolution approving the qualification for one or more of the credits claimed;
2 A certification of eligible employees issued by the D.C. Department of Employment Services; and
3. A completed Economic Development Zone Incentives Credit Worksheet.

A credit carry forward is provided in the worksheet for any unused credit from a previous year.

ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT WORKSHEET (MAXIMUM ANNUAL CREDIT IS $7,500)

Column 1 - Credit Category	Column 2	Column 3	Column 4
A. Certified employees wages	Total Wages $	50% of Wages Col. 2 x .50 =	$
B. Certified (eligible employees) workers' compensation liability insurance premiums	Total Premiums $	Col. 2 x .50 =	$
C. Child care center rent (lessor)..........	Rental market value	$____________________	
	Minus rent shown on lease agreement	$____________________	
	Total child care center credit		$
	Total of Column 4		$
	Add credit carry forward from a previous year		
	Total EDZI credit (enter on Line 36 (c), Page 2)		$

TAX PARITY ACT OF 1999

The Tax Parity Act of 1999 is a five-year tax reduction and simplification plan, which will affect most individuals and businesses in the District of Columbia. The Tax Parity Act of 1999 was enacted by the District of Columbia City Council and was approved by the Congress of the United States. Some of the changes are in effect and others will be phased in over the five-year period. **The changes, which will affect businesses in the District of Columbia include the following:**
(Note: Individual Income Tax changes are not described below.)

Corporate Franchise Tax

1. Effective for net operating losses (corporate only) incurred after December 31, 1999, the following will apply:
    a. No carryback will be allowed.
    b. The carryforward provisions will remain the same as current law.
    c. Net operating losses will be computed based on District of Columbia losses, rather than the current consolidated method of calculation.
2. Effective for fiscal years beginning on or after January 1, 2003, the franchise tax rate for corporate and unincorporated businesses will be reduced to 9%.
3. Effective for fiscal years beginning on or after January 1, 2004, the franchise tax rate for corporate and unincorporated businesses will be reduced to 8.5%.

Real Property Tax

1. Class 2 (multi-family residential) tax rates were reduced from $1.54 per $100 value to $1.34 in FY 2000, and will be further reduced to $1.15 in FY 2001 and to $0.96 in FY 2002.
2. Class 4 (commercial) and Class 5 (vacant) tax rates were reduced from ($2.15 and $5.00 per $100, respectively) to $2.05 in FY 2000 and will be reduced to $1.95 in FY 2001 and to $1.85 in FY 2002.

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

D-20 : 2000 Corporation Franchise Tax Return

00020001000

FEDERAL EMPLOYER I.D. NUMBER

NUMBER OF BUSINESS LOCATIONS In the District: Outside the District:

TYPE OF BUSINESS

FOR OFFICIAL USE ONLY :

NAME OF CORPORATION

TAXABLE YEAR ENDING M M D D Y Y Y Y

D.C. ADDRESS LINE #1

Mark an "**X**" in the attached box if this is an Amended Return.

D.C. ADDRESS LINE #2

X AMENDED RETURN

CITY STATE ZIP + 4 -

MAILING ADDRESS LINE #1

MAILING ADDRESS LINE #2

CITY STATE ZIP + 4 -

ATTACH CHECK OR MONEY ORDER HERE

• **READ INSTRUCTIONS BEFORE PREPARING RETURN - (Non-Business Items To Be Allocated)**

GROSS INCOME

		DOLLARS	CENTS
1.	GROSS RECEIPTS, LESS RETURNS AND ALLOWANCES.........	$, , ,	.
2.	COST OF GOODS SOLD (from Schedule A) AND/OR OPERATIONS(Attach statement)...................................	$, , ,	.
3.	GROSS PROFIT FROM SALES AND/OR OPERATIONS (Line 1 minus Line 2)..	$, , ,	.
4.	DIVIDENDS (from Schedule B)..	$, , ,	.
5.	INTEREST (Attach statement)	$, , ,	.
6.	GROSS RENTAL INCOME..	$, , ,	.
7.	ROYALTIES (Attach statement)...	$, , ,	.
8.	(a) NET CAPITAL GAIN (Attach copy of your Federal Schedule D)...	$, , ,	.
	(b) ORDINARY GAIN (LOSS) FROM PART II, FEDERAL FORM 4797 (Attach copy of completed Form 4797)..................	$, , ,	.
9.	OTHER INCOME (Attach statement)..	$, , ,	.
10.	TOTAL GROSS INCOME (Add Lines 3 through 9)..........................	$, , ,	.

DEDUCTIONS

		DOLLARS	CENTS
11.	COMPENSATION OF OFFICERS (from Schedule C)....................	$, , ,	.
12.	SALARIES AND WAGES...	$, , ,	.
13.	REPAIRS...	$, , ,	.
14.	BAD DEBTS (See instructions)..	$, , ,	.
15.	RENT...	$, , ,	.
16.	TAXES (from Schedule D)...	$, , ,	.
17.	INTEREST (Attach statement)...	$, , ,	.
18.	CONTRIBUTIONS (Attach statement)..	$, , ,	.
19.	AMORTIZATION (Attach copy of your Federal Form 4562. See Instructions)..	$, , ,	.
20.	DEPRECIATION (Attach copy of your Federal Form 4562. See Instructions)..	$, , ,	.
21.	DEPLETION (Attach statement)...	$, , ,	.
22.	ADVERTISING..	$, , ,	.

TAXPAYER NAME : ____________________

FEDERAL EMPLOYER I.D. NUMBER : ____________________

00020002000

DEDUCTIONS

	DOLLARS	CENTS
23. PENSION, PROFIT-SHARING PLANS	$	
24. OTHER DEDUCTIONS (Attach statement)	$	
25. TOTAL DEDUCTIONS - Add Lines 11 through 24	$	
26. NET INCOME (Line 10 minus Line 25)	$	
27. NET OPERATING LOSS DEDUCTION	$	
28. NET INCOME AFTER NET OPERATING LOSS DEDUCTION (Line 26 minus Line 27)	$	
29. (a) NON-BUSINESS INCOME (Attach statement)	$	
(b) EXPENSE RELATED TO NON-BUSINESS INCOME (Attach statement)	$	
(c) 29(a) minus 29(b) (see instructions)	$	

TAXABLE INCOME

	DOLLARS	CENTS
30. NET INCOME SUBJECT TO APPORTIONMENT (Line 28 minus 29(c))	$	
31. D.C. APPORTIONMENT FACTOR (from Line 5, Schedule F. If none, enter "0")		
32. NET INCOME FROM TRADE OR BUSINESS APPORTIONED TO THE DISTRICT (Line 30 multiplied by Line 31)	$	
33. PORTION OF LINE 29(c) ATTRIBUTABLE TO D.C. (Attach statement)	$	
34. TOTAL DISTRICT TAXABLE INCOME - (Line 32 plus or minus Line 33)	$	

TAX

	DOLLARS	CENTS
35. **TAX** (9.975% of Line 34). If less than $100, enter $100	$	
36. (a) TAX PAID, IF ANY, WITH REQUEST FOR EXTENSION OF TIME TO FILE	$	
(b) 2000 ESTIMATED TAX PAYMENTS	$	
(c) ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT (from worksheet)	$	
37. ADD LINES 36(a), 36(b), and 36(c) and ENTER TOTAL	$	
38. TAX DUE (Line 35 minus Line 37, if Line 35 is greater than Line 37)	$	
39. PENALTY $________ INTEREST $________ TOTAL PENALTY AND INTEREST	$	
40. TOTAL DUE (add LINES 38 AND 39)	$	
41. OVERPAYMENT (Line 37 minus Line 35 if Line 37 is greater than Line 35)	$	
42. (a) CREDIT TO 2001 ESTIMATED TAX	$	
(b) TO BE REFUNDED (Line 41 minus Line 42a)	$	

PLEASE SIGN HERE

Under penalties of law, including criminal penalties for false statements and tax preparer penalties under D.C. Code secs. 22-2514 and 47-161, *et seq.*, I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than the taxpayer, this declaration is based on all information available to the preparer.

OFFICER'S SIGNATURE ____________ TITLE ________ DATE ________

Telephone Number of Person to Contact: ___ - ___ - ____

PAID PREPARER ONLY

PREPARER'S SIGNATURE (If other than taxpayer) ____________ DATE ________

Preparer's SSN or PTIN

FIRM NAME ____________

Preparer's Federal Employer I.D. Number

FIRM ADDRESS ____________

Mail return and payment to: D.C. Government, Office of Tax and Revenue, Ben Franklin Station, P.O. Box 601, Washington, D.C. 20044-0601, on or before the 15th day of the third month following the close of the taxable year. Make check or money order payable to the D.C. Treasurer. Include your Federal Employer ID Number, "D-20" and tax year on your payment.

Rev. 10/26/2000

Schedule A - Cost of Goods Sold (See specific instructions for Line 2)

1. Inventory at beginning of year.............................	$
2. Merchandise bought for manufacture or sale.....	
3. Salaries and wages...	
4. Other costs per books (attach statement)...........	
5. Total	$
6. Minus: Inventory at end of tax year.................	
7. Cost of goods sold (also enter on Line 2, Page 1)..	$

METHOD OF INVENTORY VALUATION:

Schedule B - Dividends (See specific instructions for Line 4)

NAME AND ADDRESS OF DECLARING CORPORATION	AMOUNT
TOTAL DIVIDENDS	
Minus deduction for Subpart F Income	
Minus deduction for dividends received from wholly-owned subsidary	
TOTAL (also enter on Line 4, Page 1)..............................	$

Schedule C - COMPENSATION OF OFFICERS (See specific instructions for Line 11)

Col. 1 Name and Address of Officer	Col. 2 Official Title	Col. 3 Time Devoted to Business	Percent of Corporation Stock Owned Col. 4 Common	Percent of Corporation Stock Owned Col.5 Preferred	Col. 6 Amount of Compensation	Col. 7 Expense Account Allowances
		%	%	%		
		%	%	%		
		%	%	%		

TOTAL COMPENSATION OF OFFICERS (also enter on Line 11, Page 1)... $

Schedule D - Taxes (See specific instructions for Line 16)

EXPLANATION	AMOUNT	EXPLANATION	AMOUNT
	$		$
		TOTAL (enter on Line 16, Page 1)	$

Schedule E - RECONCILIATION OF NET INCOME REPORTED ON FEDERAL AND DISTRICT OF COLUMBIA RETURNS

1. Taxable income before net operating loss deduction and special deductions (Page 1 of your Federal corporate return)	$
UNALLOWABLE DEDUCTIONS AND ADDITIONAL INCOME	
2. Income taxes (see specific instruction 16)	
3. District of Columbia income taxes and franchise taxes imposed by D.C. Revenue Act of 1947, as amended.	
4. Interest on obligations of states, territories of the U.S. or any Political Subdivision thereof.	
5. Other unallowable deductions and additional income (itemize):	
(a) ____________________	
(b) ____________________	
6. TOTAL (Lines 1 to 5).	$

7. Total District taxable income reported (Line 34, Page 2). . . .	$
NON-TAXABLE INCOME AND ADDITIONAL DEDUCTIONS	
8. Net income apportioned or allocated outside the District of Columbia	
9. Other non-taxable income and additional deductions (itemize):	
(a) ____________________	
(b) ____________________	
10. TOTAL (Lines 7, 8 and 9).	$

Schedule F - D.C. APPORTIONMENT FACTOR (See instructions under Form D-20 schedules - - Carry all factors to six decimal places.)

	COL. 1 TOTAL	COL. 2 IN D.C.	COL. 3 FACTOR (Col. 2 divided by Col. 1)
1. **PROPERTY FACTOR:** Average value of real estate and tangible personal property owned or rented to and used by the corporation (Financial institutions do not complete this item).	$	$	
2. **PAYROLL FACTOR**: Total compensation paid or accrued by the corporation.	$	$	
3. **SALES FACTOR**: All gross receipts of the corporation other than gross receipts from items of non-business income.	$	$	
4. **SUM OF FACTORS:** (Add Column 3)			
5. **D.C. APPORTIONMENT FACTOR:** Line 4 divided by 3: or 3 reduced by the number of factors without a denominator. Note: Financial institutions using a two-factor formula should divide Line 4 by 2.			

Schedule G - BALANCE SHEETS

		BEGINNING OF TAXABLE YEAR		END OF TAXABLE YEAR	
		(A) AMOUNT	(B) TOTAL	(A) AMOUNT	(B) TOTAL
ASSETS	1. Cash				
	2. Trade notes and accounts receivable				
	(a) MINUS: Allowance for bad debts				
	3. Inventories				
	4. Gov't obligations: (a) U.S. and its instrumentalities				
	(b) State, subdivisions thereof, etc.				
	5. Other current assets (attach statement)				
	6. Loans to stockholders				
	7. Mortgage and real estate loans				
	8. Other investments (attach statement)				
	9. Buildings and other fixed depreciable assets				
	(a) MINUS: Accumulated depreciation				
	10. Depletable assets				
	(a) MINUS: Accumulated depletion				
	11. Land (net of any amortization)				
	12. Intangible assets (amortizable only)				
	(a) MINUS: Accumulated amortization				
	13. Other assets (attach statement)				
	14. TOTAL ASSETS				
LIABILITIES AND CAPITAL	15. Accounts payable				
	16. Mortgages, notes, bonds payable in less than 1 year.				
	17. Other current liabilities (attach statement)				
	18. Loans from stockholders				
	19. Mortgages, notes, bonds payable in 1 year or more				
	20. Other liabilities (attach statement)				
	21. Capital stock: (a) Preferred stock				
	(b) Common stock				
	22. Paid-in or capital surplus (attach statement)				
	23. Retained earnings - Appropriated (attach statement)				
	24. Retained earnings - Unappropriated				
	25. MINUS: Cost of treasury stock		( )		( )
	26. TOTAL LIABILITIES AND CAPITAL				

Schedule H-1 - RECONCILIATION OF INCOME (LOSS) PER BOOKS WITH INCOME (LOSS) PER RETURN

1. Net income per books.		7. Income recorded on books this year not included in this return (itemize) (a) Tax-exempt interest $______________	
2. Federal income tax			
3. Excess of capital losses over capital gains . .			
4. Taxable income not recorded on books this year (itemize)		8. Deductions on this tax return and not charged against book income this year (itemize) (a) Depreciation . . . . . $ ______________ (b) Depletion . . . . $ ______________	
5. Expenses recorded on books this year and not deducted on this return (itemize) (a) Depreciation . . . . . . $_______________ (b) Depletion . . . . $_______________		9. TOTAL of Lines 7 and 8	
6. TOTAL of Lines 1 through 5.		10. Income (line 28. page 1 of Form 1120) (Line 6 minus Line 9)	

Schedule H-2 - ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS

1. Balance at beginning of year		5. Distributions: (a) Cash.	
2. Net income per books.		(b) Stock	
3. Other increases (itemize).		(c) Property	
		6. Other decreases (itemize) _______________	
		7. TOTAL of Lines 5 and 6.	
4. TOTAL of Lines 1,2 and 3		8. Balance at end of year (Line 4 minus Line 7). .	

SUPPLEMENTAL INFORMATION

1. STATE OR COUNTRY OF INCORPORATION	2.(a) DATE OF INCORPORATION	2.(b) DATE BUSINESS BEGAN IN D.C.	3. IRS SERVICE CENTER WHERE FEDERAL INCOME TAX RETURN WAS FILED FOR PERIOD COVERED BY THIS RETURN:

4. THE CORPORATION'S BOOKS ARE IN CARE OF	5. LOCATED AT

6. During 2000, has the Internal Revenue Service made or proposed any adjustments to your federal income tax returns, or did you file any amended returns with the IRS? ☐ YES ☐ NO If "YES", please submit separately a detailed statement, unless previously submitted, to the address shown in General Instructions item E.

If previously submitted,
Detailed statement was submitted on: (Date)

7. Is this corporation affiliated with a partnership or another corporation? ☐ YES ☐ NO If yes, explain:

8. Is this return made on the accrual basis? ☐ YES ☐ NO If no, indicate basis used: ☐ Cash Basis ☐ Other (specify)

9. Did you file a franchise tax return with the District of Columbia for the year 1999? ☐ YES ☐ NO If no, state reason

10. Did you withhold D.C. income tax from the wages of your employees during 2000 ☐ YES ☐ NO If no, state reason:

11. Have you filed annual information returns, Federal forms 1096 and 1099, pertaining to payment of dividends and interest for 2000? ☐ YES ☐ NO

12. (a) Has the business been terminated? ☐ YES ☐ NO If yes, explain and give date:
(b) Have you moved out of D.C.? ☐ YES ☐ NO

13. Did you file a 2000 D.C. Arena fee return? ☐ YES ☐ NO If no, please explain:

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

D-20 : 2000 Corporation Franchise Tax Return

00020001000

FEDERAL EMPLOYER I.D. NUMBER

NUMBER OF BUSINESS LOCATIONS — In the District: Outside the District:

TYPE OF BUSINESS

FOR OFFICIAL USE ONLY :

NAME OF CORPORATION

TAXABLE YEAR ENDING M M D D Y Y Y Y

D.C. ADDRESS LINE #1

D.C. ADDRESS LINE #2

Mark an "**X**" in the attached box if this is an Amended Return.

X AMENDED RETURN

CITY — STATE — ZIP + 4 -

MAILING ADDRESS LINE #1

MAILING ADDRESS LINE #2

CITY — STATE — ZIP + 4 -

ATTACH CHECK OR MONEY ORDER HERE

• READ INSTRUCTIONS BEFORE PREPARING RETURN - (Non-Business Items To Be Allocated)

GROSS INCOME

	DOLLARS	CENTS
1. GROSS RECEIPTS, LESS RETURNS AND ALLOWANCES.........	$, , ,	.
2. COST OF GOODS SOLD (from Schedule A) AND/OR OPERATIONS(Attach statement)...................................	$, , ,	.
3. GROSS PROFIT FROM SALES AND/OR OPERATIONS (Line 1 minus Line 2)...	$, , ,	.
4. DIVIDENDS (from Schedule B)..	$, , ,	.
5. INTEREST (Attach statement)	$, , ,	.
6. GROSS RENTAL INCOME..	$, , ,	.
7. ROYALTIES (Attach statement)..	$, , ,	.
8. (a) NET CAPITAL GAIN (Attach copy of your Federal Schedule D)..	$, , ,	.
(b) ORDINARY GAIN (LOSS) FROM PART II, FEDERAL FORM 4797 (Attach copy of completed Form 4797)..................	$, , ,	.
9. OTHER INCOME (Attach statement)...	$, , ,	.
10. TOTAL GROSS INCOME (Add Lines 3 through 9).........................	$, , ,	.

DEDUCTIONS

	DOLLARS	CENTS
11. COMPENSATION OF OFFICERS (from Schedule C)...................	$, , ,	.
12. SALARIES AND WAGES...	$, , ,	.
13. REPAIRS..	$, , ,	.
14. BAD DEBTS (See instructions)..	$, , ,	.
15. RENT...	$, , ,	.
16. TAXES (from Schedule D)...	$, , ,	.
17. INTEREST (Attach statement)..	$, , ,	.
18. CONTRIBUTIONS (Attach statement)..	$, , ,	.
19. AMORTIZATION (Attach copy of your Federal Form 4562. See Instructions)..	$, , ,	.
20. DEPRECIATION (Attach copy of your Federal Form 4562. See Instructions)..	$, , ,	.
21. DEPLETION (Attach statement)...	$, , ,	.
22. ADVERTISING...	$, , ,	.

TAXPAYER NAME :

FEDERAL EMPLOYER I.D. NUMBER :

00020002000

DEDUCTIONS

	DOLLARS	CENTS
23. PENSION, PROFIT-SHARING PLANS	$	
24. OTHER DEDUCTIONS (Attach statement)	$	
25. TOTAL DEDUCTIONS - Add Lines 11 through 24	$	
26. NET INCOME (Line 10 minus Line 25)	$	
27. NET OPERATING LOSS DEDUCTION	$	
28. NET INCOME AFTER NET OPERATING LOSS DEDUCTION (Line 26 minus Line 27)	$	
29. (a) NON-BUSINESS INCOME (Attach statement)	$	
(b) EXPENSE RELATED TO NON-BUSINESS INCOME (Attach statement)	$	
(c) 29(a) minus 29(b) (see instructions)	$	

TAXABLE INCOME

	DOLLARS	CENTS
30. NET INCOME SUBJECT TO APPORTIONMENT (Line 28 minus 29(c))	$	
31. D.C. APPORTIONMENT FACTOR (from Line 5, Schedule F. If none, enter "0")		
32. NET INCOME FROM TRADE OR BUSINESS APPORTIONED TO THE DISTRICT (Line 30 multiplied by Line 31)	$	
33. PORTION OF LINE 29(c) ATTRIBUTABLE TO D.C. (Attach statement)	$	
34. TOTAL DISTRICT TAXABLE INCOME - (Line 32 plus or minus Line 33)	$	

TAX

	DOLLARS	CENTS
35. **TAX** (9.975% of Line 34). If less than $100, enter $100	$	
36. (a) TAX PAID, IF ANY, WITH REQUEST FOR EXTENSION OF TIME TO FILE	$	
(b) 2000 ESTIMATED TAX PAYMENTS	$	
(c) ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT (from worksheet)	$	
37. ADD LINES 36(a), 36(b), and 36(c) and ENTER TOTAL	$	
38. TAX DUE (Line 35 minus Line 37, if Line 35 is greater than Line 37)	$	
39. PENALTY $________ INTEREST $________ TOTAL PENALTY AND INTEREST	$	
40. TOTAL DUE (add LINES 38 AND 39)	$	
41. OVERPAYMENT (Line 37 minus Line 35 if Line 37 is greater than Line 35)	$	
42. (a) CREDIT TO 2001 ESTIMATED TAX	$	
(b) TO BE REFUNDED (Line 41 minus Line 42a)	$	

PLEASE SIGN HERE

Under penalties of law, including criminal penalties for false statements and tax preparer penalties under D.C. Code secs. 22-2514 and 47-161, *et seq.*, I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than the taxpayer, this declaration is based on all information available to the preparer.

Telephone Number of Person to Contact

OFFICER'S SIGNATURE TITLE DATE

PAID PREPARER ONLY

PREPARER'S SIGNATURE (If other than taxpayer) DATE

Preparer's SSN or PTIN

FIRM NAME

Preparer's Federal Employer I.D. Number

FIRM ADDRESS

Mail return and payment to: D.C. Government, Office of Tax and Revenue, Ben Franklin Station, P.O. Box 601, Washington, D.C. 20044-0601, on or before the 15th day of the third month following the close of the taxable year. Make check or money order payable to the D.C. Treasurer. Include your Federal Employer ID Number, "D-20" and tax year on your payment.

Rev. 10/26/2000

Schedule A - Cost of Goods Sold (See specific instructions for Line 2)

1. Inventory at beginning of year	$
2. Merchandise bought for manufacture or sale	
3. Salaries and wages	
4. Other costs per books (attach statement)	
5. Total	$
6. Minus: Inventory at end of tax year	
7. Cost of goods sold (also enter on Line 2, Page 1)	$

METHOD OF INVENTORY VALUATION:

Schedule B - Dividends (See specific instructions for Line 4)

NAME AND ADDRESS OF DECLARING CORPORATION	AMOUNT
TOTAL DIVIDENDS	
Minus deduction for Subpart F Income	
Minus deduction for dividends received from wholly-owned subsidary	
TOTAL (also enter on Line 4, Page 1)	$

Schedule C - COMPENSATION OF OFFICERS (See specific instructions for Line 11)

Col. 1 Name and Address of Officer	Col. 2 Official Title	Col. 3 Time Devoted to Business	Percent of Corporation Stock Owned: Col. 4 Common	Percent of Corporation Stock Owned: Col.5 Preferred	Col. 6 Amount of Compensation	Col. 7 Expense Account Allowances
		%	%	%		
		%	%	%		
		%	%	%		

TOTAL COMPENSATION OF OFFICERS (also enter on Line 11, Page 1) $

Schedule D - Taxes (See specific instructions for Line 16)

EXPLANATION	AMOUNT	EXPLANATION	AMOUNT
	$		$
		TOTAL (enter on Line 16, Page 1)	$

Schedule E - RECONCILIATION OF NET INCOME REPORTED ON FEDERAL AND DISTRICT OF COLUMBIA RETURNS

1. Taxable income before net operating loss deduction and special deductions (Page 1 of your Federal corporate return)	$
UNALLOWABLE DEDUCTIONS AND ADDITIONAL INCOME	
2. Income taxes (see specific instruction 16)	
3. District of Columbia income taxes and franchise taxes imposed by D.C. Revenue Act of 1947, as amended	
4. Interest on obligations of states, territories of the U.S. or any Political Subdivision thereof	
5. Other unallowable deductions and additional income (itemize):	
(a)	
(b)	
6. TOTAL (Lines 1 to 5)	$

7. Total District taxable income reported (Line 34, Page 2)	$
NON-TAXABLE INCOME AND ADDITIONAL DEDUCTIONS	
8. Net income apportioned or allocated outside the District of Columbia	
9. Other non-taxable income and additional deductions (itemize):	
(a)	
(b)	
10. TOTAL (Lines 7, 8 and 9)	$

Schedule F - D.C. APPORTIONMENT FACTOR (See instructions under Form D-20 schedules - - Carry all factors to six decimal places.)

	COL. 1 TOTAL	COL. 2 IN D.C.	COL. 3 FACTOR (Col. 2 divided by Col. 1)
1. **PROPERTY FACTOR:** Average value of real estate and tangible personal property owned or rented to and used by the corporation (Financial institutions do not complete this item).	$	$	
2. **PAYROLL FACTOR**: Total compensation paid or accrued by the corporation.	$	$	
3. **SALES FACTOR**: All gross receipts of the corporation other than gross receipts from items of non-business income.	$	$	
4. **SUM OF FACTORS:** (Add Column 3)			
5. **D.C. APPORTIONMENT FACTOR:** Line 4 divided by 3: or 3 reduced by the number of factors without a denominator. Note: Financial institutions using a two-factor formula should divide Line 4 by 2.			

Schedule G - BALANCE SHEETS

		BEGINNING OF TAXABLE YEAR		END OF TAXABLE YEAR	
		(A) AMOUNT	(B) TOTAL	(A) AMOUNT	(B) TOTAL
ASSETS	1. Cash				
	2. Trade notes and accounts receivable				
	(a) MINUS: Allowance for bad debts				
	3. Inventories				
	4. Gov't obligations: (a) U.S. and its instrumentalities				
	(b) State, subdivisions thereof, etc.				
	5. Other current assets (attach statement)				
	6. Loans to stockholders				
	7. Mortgage and real estate loans				
	8. Other investments (attach statement)				
	9. Buildings and other fixed depreciable assets				
	(a) MINUS: Accumulated depreciation				
	10. Depletable assets				
	(a) MINUS: Accumulated depletion				
	11. Land (net of any amortization)				
	12. Intangible assets (amortizable only)				
	(a) MINUS: Accumulated amortization				
	13. Other assets (attach statement)				
	14. TOTAL ASSETS				
LIABILITIES AND CAPITAL	15. Accounts payable				
	16. Mortgages, notes, bonds payable in less than 1 year.				
	17. Other current liabilities (attach statement)				
	18. Loans from stockholders				
	19. Mortgages, notes, bonds payable in 1 year or more				
	20. Other liabilities (attach statement)				
	21. Capital stock: (a) Preferred stock				
	(b) Common stock				
	22. Paid-in or capital surplus (attach statement)				
	23. Retained earnings - Appropriated (attach statement)				
	24. Retained earnings - Unappropriated				
	25. MINUS: Cost of treasury stock		( )		( )
	26. TOTAL LIABILITIES AND CAPITAL				

Schedule H-1 - RECONCILIATION OF INCOME (LOSS) PER BOOKS WITH INCOME (LOSS) PER RETURN

1. Net income per books.		7. Income recorded on books this year not included in this return (itemize) (a) Tax-exempt interest $______________	
2. Federal income tax			
3. Excess of capital losses over capital gains . .			
4. Taxable income not recorded on books this year (itemize)		8. Deductions on this tax return and not charged against book income this year (itemize) (a) Depreciation . . . . . $ ______________ (b) Depletion . . . . $ ______________	
5. Expenses recorded on books this year and not deducted on this return (itemize) (a) Depreciation . . . . . . $_______________ (b) Depletion . . . . $_______________		9. TOTAL of Lines 7 and 8	
6. TOTAL of Lines 1 through 5.		10. Income (line 28. page 1 of Form 1120) (Line 6 minus Line 9)	

Schedule H-2 - ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS

1. Balance at beginning of year		5. Distributions: (a) Cash.	
2. Net income per books.		(b) Stock	
3. Other increases (itemize).		(c) Property	
		6. Other decreases (itemize) _______________	
		7. TOTAL of Lines 5 and 6.	
4. TOTAL of Lines 1,2 and 3		8. Balance at end of year (Line 4 minus Line 7). .	

SUPPLEMENTAL INFORMATION

1. STATE OR COUNTRY OF INCORPORATION	2.(a) DATE OF INCORPORATION	2.(b) DATE BUSINESS BEGAN IN D.C.	3. IRS SERVICE CENTER WHERE FEDERAL INCOME TAX RETURN WAS FILED FOR PERIOD COVERED BY THIS RETURN:

4. THE CORPORATION'S BOOKS ARE IN CARE OF	5. LOCATED AT

6. During 2000, has the Internal Revenue Service made or proposed any adjustments to your federal income tax returns, or did you file any amended returns with the IRS? ☐ YES ☐ NO If "YES", please submit separately a detailed statement, unless previously submitted, to the address shown in General Instructions item E.

If previously submitted,
Detailed statement was submitted on: (Date)

7. Is this corporation affiliated with a partnership or another corporation? ☐ YES ☐ NO If yes, explain:

8. Is this return made on the accrual basis? ☐ YES ☐ NO If no, indicate basis used: ☐ Cash Basis ☐ Other (specify)

9. Did you file a franchise tax return with the District of Columbia for the year 1999? ☐ YES ☐ NO If no, state reason

10. Did you withhold D.C. income tax from the wages of your employees during 2000 ☐ YES ☐ NO If no, state reason:

11. Have you filed annual information returns, Federal forms 1096 and 1099, pertaining to payment of dividends and interest for 2000? ☐ YES ☐ NO

12. (a) Has the business been terminated? ☐ YES ☐ NO If yes, explain and give date:
(b) Have you moved out of D.C.? ☐ YES ☐ NO

13. Did you file a 2000 D.C. Arena fee return? ☐ YES ☐ NO If no, please explain:

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

FR-128 : 2000 Extension of Time to File D.C. Franchise or Partnership Return

00128001000

FEDERAL EMPLOYER I.D. NUMBER

SOC. SEC. NO. (IF SELF-EMPLOYED)

FOR OFFICIAL USE ONLY :

BUSINESS NAME

TAXABLE YEAR ENDING
M M D D Y Y Y Y

MAILING ADDRESS LINE #1

MAILING ADDRESS LINE #2

CITY

STATE

ZIP + 4

Submit this form along with your payment of any tax due as shown on Line 6 below.

1. A 6-month extension of time to file until ___________ 15, 2001, for the calendar year 2000, or a 6-month extension of time to file until ________, ______, for a fiscal year ending _____________, ______ is hereby requested to file the following District of Columbia return (check one):

X Corporation Franchise Tax Return, Form D-20

X Unincorporated Business Franchise Tax Return, Form D-30

X Partnership Return of Income, Form D-65

		DOLLARS	CENTS
2. TOTAL TAX LIABILITY FOR THE PERIOD	$	, ,	.
3. FRANCHISE ESTIMATED TAX PAYMENTS (Include any overpayment credit)	$	, ,	.
4. OTHER PAYMENTS	$	, ,	.
5. TOTAL PAYMENTS AND CREDITS (Add Lines 3 and 4)	$	, ,	.
6. BALANCE DUE (Line 2 minus Line 5). Payment in full must be submitted with this form or your request will not be accepted. **(Note: You will be subject to the failure-to-pay penalty and interest on any amount of tax due and not paid with this request)**	$	, ,	.

Rev. 10/26/2000

INSTRUCTIONS

PURPOSE - Form FR-128 must be used to request a 6-month extension of time in which to file a Corporation Franchise Tax Return (Form D-20), an Unincorporated Business Franchise Tax Return (Form D-30), or a Partnership Return of Income (Form D-65).

WHEN TO FILE - The request for an extension of time to file must be submitted on or before the due date of the return.

WHERE TO SUBMIT REQUEST - Mail the completed FR-128 with your payment of any tax due to the Office of Tax and Revenue, 6th Floor, 941 North Capitol St., N.E. Washington, D.C. 20002. Be sure to sign and date the FR-128. Your payment should be made out to the D.C. Treasurer, and it should include your Federal Employer Identification Number, the tax year and the notation FR-128.

REQUEST FOR EXTENSION OF TIME - A 6-month extension of time will be granted if you complete this form properly, file it on time and PAY with it the amount of tax due shown on Line 6. **A copy of the FR-128 which you filed must be attached to your return when the return is filed.** A separate request must be submitted for each return. Blanket requests for extensions will not be granted.

FEDERAL EXTENSION FORMS - The Office of Tax and Revenue does not accept copies of the federal extension of time to file form. **YOU MUST USE ONLY FORM FR-128.**

ADDITIONAL EXTENSION OF TIME - No additional extension of time to file will be granted beyond the 6-month extension unless the taxpayer is outside the continental limits of the United States.

PENALTIES - The penalty for the failure to file a return on time or the failure to pay any tax when due is 5% of the unpaid portion of the tax due. The penalty is computed for each month, or fraction thereof, that the failure to file or pay continues. The penalty may not exceed 25% of the tax due.

INTEREST - Interest at the rate of 1.5% per month or portion of a month (18 percent per year) must be paid on any tax not paid on time. Interest is computed from the due date of the return until the tax is paid even though an extension of time to file request is granted.

SIGNATURE- The request must be signed by the following:

- **CORPORATION**
  Any designated or authorized officer of the corporation.
- **UNINCORPORATED BUSINESS**
  Any owner or member of the unincorporated business.
- **PARTNERSHIP**
  Any member of the partnership.

NOTE: If receivers, trustees in bankruptcy, or assignees are in control of the property or business of the organization, such receivers, trustees, or assignees must sign the request.

TAXPAYER NAME : ______________________

FEDERAL EMPLOYER I.D. NUMBER : ______________________

00128002000

PLEASE SIGN HERE

CORPORATE SEAL

Under penalties of law, including criminal penalties for false statements and tax preparer penalties under D.C. Code secs. 22-2514 and 47-161, *et seq*., I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than the taxpayer, this declaration is based on all information available to the preparer.

Telephone Number of Person to Contact

TAXPAYER(S) SIGNATURE(S) (See Instructions) TITLE DATE

PAID PREPARER ONLY

PREPARER'S SIGNATURE (If other than taxpayer) DATE

Preparer's SSN or PTIN

FIRM NAME

Preparer's Federal Employer I.D. Number

FIRM ADDRESS

Mail return and payment to: D.C. Government, Office of Tax and Revenue, 6th Floor, 941 North Capitol St., N.E. Washington, D.C. 20002.
Make check or money order payable to the D.C. Treasurer. Include your Federal Employer ID number, "FR-128" and tax year on your payment.

Rev. 10/26/2000

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

FR-128 : 2000 Extension of Time to File D.C. Franchise or Partnership Return

00128001000

FEDERAL EMPLOYER I.D. NUMBER

SOC. SEC. NO. (IF SELF-EMPLOYED)

FOR OFFICIAL USE ONLY :

BUSINESS NAME

TAXABLE YEAR ENDING M M D D Y Y Y Y

MAILING ADDRESS LINE #1

MAILING ADDRESS LINE #2

CITY

STATE

ZIP + 4

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	DOLLARS	CENTS
2. TOTAL TAX LIABILITY FOR THE PERIOD	$	
3. FRANCHISE ESTIMATED TAX PAYMENTS (Include any overpayment credit)	$	
4. OTHER PAYMENTS	$	
5. TOTAL PAYMENTS AND CREDITS (Add Lines 3 and 4)	$	
6. BALANCE DUE (Line 2 minus Line 5). Payment in full must be submitted with this form or your request will not be accepted. **(Note: You will be subject to the failure-to-pay penalty and interest on any amount of tax due and not paid with this request)**	$	

Rev. 10/26/2000

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  Any owner or member of the unincorporated business.
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  Any member of the partnership.

NOTE: If receivers, trustees in bankruptcy, or assignees are in control of the property or business of the organization, such receivers, trustees, or assignees must sign the request.

TAXPAYER NAME : ______________________________

FEDERAL EMPLOYER I.D. NUMBER : ______________________________

00128002000

PLEASE SIGN HERE

CORPORATE SEAL

Under penalties of law, including criminal penalties for false statements and tax preparer penalties under D.C. Code secs. 22-2514 and 47-161, *et seq*., I declare that I have examined this return and, to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than the taxpayer, this declaration is based on all information available to the preparer.

Telephone Number of Person to Contact

☐☐☐ - ☐☐☐ - ☐☐☐☐

TAXPAYER(S) SIGNATURE(S) (See Instructions) TITLE DATE

PAID PREPARER ONLY

PREPARER'S SIGNATURE (If other than taxpayer) DATE

Preparer's SSN or PTIN

☐☐☐☐☐☐☐☐☐

FIRM NAME

Preparer's Federal Employer I.D. Number

☐☐ ☐☐☐☐☐☐☐

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Rev. 10/26/2000