



# 2002 UNINCORPORATED BUSINESS FRANCHISE TAX BOOKLET D-30

Anthony A. Williams  
Mayor

Natwar M. Gandhi  
Chief Financial Officer

Daniel L. Black Jr.  
Acting, Deputy Chief Financial Officer

## **CONTENTS:**

Instructions

Form D-30 Unincorporated Business Franchise Tax Return

Form FR-128 Extension of Time to File

## **If you need to file any of the following:**

Form FP-31 Personal Property Tax Return

Form FR-800A or 800M Sales and Use (Annual or Monthly) Tax Return

Form FR-900A or 900M Employer's Withholding (Annual or Monthly) Tax Return

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

website: [www.dc.gov](http://www.dc.gov)

Presrt STD  
U.S. Postage Paid  
Permit No.  
7335  
Washington, DC

## **DISTRICT WILL NOT ALLOW ADDITIONAL DEPRECIATION**

Under new IRS rules, for federal tax purposes, businesses are eligible to deduct an additional first-year bonus depreciation amount equal to 30% of the cost of capital assets placed in service between September 10, 2001 and September 11, 2004.

For District tax purposes, taxpayers are not permitted to claim this 30% Bonus Depreciation.

## **DISTRICT DOES NOT ALLOW NET OPERATING LOSS TO BE CARRIED BACK TO PRIOR TAX YEARS**

Federal tax rules provide that, for federal tax purposes, businesses are allowed to carryback a net operating loss to each of the 2 taxable years preceding the taxable year of such loss. Recent federal legislation extends this to 5 years.

For District tax purposes, for tax years beginning after 12/31/99, taxpayers are not permitted to carryback net operating losses (NOL).

**For all taxable year 2001, 2002, 2003 and 2004 D.C. tax returns:** If a taxpayer has included the 30% Bonus Depreciation or the NOL carryback permitted for federal tax purposes in the calculation of District Taxable Income, the 30% Bonus Depreciation must be removed from the amount of depreciation deducted. Furthermore, the NOL carryback is not permitted in the calculation of District Taxable Income.

**For Form D-20 and Form D-30 filers,** line 20, page 1 of the D-20 and the D-30 should be adjusted to eliminate the amount of Special or 30% Bonus Depreciation for property acquired after 9/10/2001 that is shown on IRS Form 4562, Part II (or wherever the amount of Special or 30% Bonus Depreciation for property acquired after 9/10/2001 is listed). For District tax purposes, taxpayers are allowed to deduct an amount of depreciation equal to depreciation calculated without regard to section 168(k) of the Internal Revenue Code.

If a taxpayer has already filed a tax return for the taxable year 2001 and used the 30% Bonus Depreciation in calculating the amount of depreciation deducted on the tax return, the taxpayer is required to file an amended D.C. tax return for 2001, deducting the bonus depreciation.

**Note:** for D.C. tax purposes, the basis of property being depreciated should not be reduced by the federal 30% bonus depreciation amount.

## **OFFICE OF TAX AND REVENUE RULINGS**

On July 1, 2002, the Office of Tax and Revenue (OTR) announced that it would be reviewing rulings related to certain taxes administered by OTR. These rulings include those pertaining to income tax, franchise tax, personal property tax, sales tax, gross receipts tax and employee withholding tax. The review of rulings will not cover those relating to excise tax, real property or tax-exempt status.

During the period July 1, 2002 through December 31, 2002, OTR will review letter rulings in its files and any OTR rulings submitted for review by a taxpayer who received the ruling and who intends to use it for tax years beginning after December 31, 2002.

Rulings not submitted to OTR for review will generally be revoked as of December 31, 2002. Questions should be directed to Janet James Mahon at 202-442-6500 or by e-mail to [OtrRuling@dc.gov](mailto:OtrRuling@dc.gov).

## UNINCORPORATED BUSINESS FRANCHISE TAX RETURN INSTRUCTIONS

### **IMPORTANT**

- The 30 percent bonus depreciation allowed under federal law is not allowed by the District. Therefore, if you are claiming the 30 percent depreciation on your federal return you will need to reduce the depreciation claimed on your Form D-30. Please attach a computation to your return showing that the depreciation claimed under any category for D.C. tax purposes does not include the 30% bonus depreciation.
- The unincorporated business franchise tax rate is 9.975%.
- The due dates for filing Form D-30 are April 15th for calendar year filers, and the fifteenth day of the fourth month following the close of the taxable year for fiscal year filers. If the due date falls on a Saturday, Sunday, or legal national holiday, the return is due the next business day.
- Enter whole dollar amounts on the tax forms and schedules. Do not enter cents. Cents of 50 and above should be rounded up to the next higher dollar amount. Amounts less than 50 cents should be rounded down.
- Please make sure that your correct tax year, with beginning and ending dates, is entered in the space provided on the form.
- The Federal Employer Identification Number (or the Social Security Number, if self-employed with no employees) should be entered in the space provided at the top of page 1 of your return.
- An unincorporated business that expects its D.C. unincorporated business franchise tax liability for the year 2003 to exceed \$1,000 must file a quarterly declaration of estimated franchise tax, Form D-30ES. A penalty will be imposed if your required annual payment for estimated tax is not at least the lower of 90% of the tax shown on the current year's return or 100% of the tax shown on the prior year's return.
- An unincorporated trade or business with gross receipts of \$12,000 or less must file a Form D-30 for information purposes in order to avoid inquiries regarding potential tax liability. You need only state on the front of Form D-30 that your gross income was \$12,000 or less. Be sure to enter your Federal ID number or SSN if self-employed with no employees.
- An unincorporated business with gross income of more than \$12,000 from leasing real or personal property in the District, whether the property is leased directly by the unincorporated business or through an agent, and whether the unincorporated business or agent performs any services in connection with the property, is required to file an unincorporated business franchise tax return.
- An unincorporated business activity with gross income of \$12,000 or less and operated by –
  - a partnership must file a Form D-65;
  - a D.C. resident sole proprietor must file a Form D-40;
  - a D.C. resident trust must file a Form D-41.
- Refund Offset – If you owe other District of Columbia tax liabilities, all or part of any overpayment may be used (offset) to pay past due amounts.
- There is a penalty for the late filing of a return, and a penalty for late payment of tax. See item G of the General Instructions.
- Complete all items in Form D-30. Do not use phrasing such as “see attached schedule” in lieu of reporting amounts. (However, you may provide additional information by attaching a statement.) The return will be sent back to you if it is incomplete.

- If you are filing an amended return using this form please fill in the amended return oval on page one of the Form D-30 and enter the tax year being amended in the Taxable Year Ending box. (See item K. in these instructions for additional information.)
- Tax Fraud Hotline. Report fraudulent tax activity by calling 1- 800-380-3495.
- Copies of all D.C. forms and publications mentioned in this booklet may be obtained by calling 202-442-6546.

### TAX CREDIT – QUALIFIED HIGH TECHNOLOGY COMPANIES

Under the New E-economy Transformation Act of 2000), (effective January 1, 2001), unincorporated businesses may claim certain tax benefits if they qualify as a High Technology company.

Qualified unincorporated businesses are exempt from the D.C. franchise tax. They may also be eligible to claim the refundable tax credit for costs incurred in retraining qualified disadvantaged employees.

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

- a) Is an individual or entity organized for profit;
- b) Maintains an office, headquarters, or base of operations in the District of Columbia;
- c) Has 2 or more employees in D.C.;
- d) Receives at least 51% of its gross revenue from one or more of certain “permitted” activities (D.C. Code 47-1817.01(5)(A)(iii));
- e) Does not receive 51% or more of its gross revenue from operating a retail store or electronic equipment facility in the District;
- f) Is appropriately registered as a business in the District; and
- g) Is current in all District of Columbia tax filing requirements and payment obligations.

#### **Permitted Activities**

These activities include:

- Internet-related services and sales including website design, maintenance, hosting, or operation;
- Internet-related training, consulting, advertising, or promotion services; the development, rental, lease, or sale of Internet-related applications, connectivity, or digital content; or products and services that may be considered e-commerce;
- Information and communication technologies, equipment and systems that involve advanced computer software and hardware, data processing, visualization technologies, or human interface technologies, whether deployed on the Internet or other electronic or digital media;
- Advanced materials and processing technologies that involve the development, modification, or improvement of one or more materials or methods to produce devices and structures with improved performance characteristics or special functional attributes, or to activate, speed up, or otherwise alter chemical, biochemical, or medical processes;
- Engineering, production, biotechnology and defense technologies that involve knowledge-based control systems and architectures; advanced fabrication and design processes, equipment, and tools; or propulsion, navigation, guidance, nautical, aeronautical and astronautical ground and airborne systems, instruments, and equipment; and
- Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content.

For detailed information on these credits, refunds of sales and personal property tax and for copies of the relevant forms please obtain a copy of the pamphlet FR-399 Qualified High Technology Companies. It may be ordered by calling 202-442-6546. It may also be obtained from the Customer Service Center, first floor, 941 North Capitol St., N.E., Washington, D.C.

## GENERAL INSTRUCTIONS

### A. UNINCORPORATED BUSINESSES REQUIRED TO FILE A FRANCHISE TAX RETURN

An unincorporated trade or business engaging in or carrying on any trade, business or commercial activity within the District of Columbia, or receiving income from District sources, must file an unincorporated business franchise tax return, Form D-30, if its gross income for the taxable year was in excess of \$12,000 (whether or not it has net income) and if it is not exempt from filing. (see item B below).

“**Gross income,**” for purposes of determining the need to file a Form D-30 return, includes revenues from all District sources before the deduction of cost of goods sold, expenses and other deductions allowable in determining net income.

For franchise tax purposes, an unincorporated trade or business is treated as an entity, comparable to a corporation, whether it is conducted by one or more individuals, residents or nonresidents, a trust, estate, partnership, society, association, executor, administrator, receiver, trustee, liquidator, conservator, committee, assignee, concurrent owners of property, or by any other individual or group of individuals doing business as an entity.

A limited liability company is classified as a partnership unless classified otherwise for federal income tax purposes, in which case the limited liability company is treated for D.C. tax purposes in the same manner as it is for federal income tax purposes.

Whether an unincorporated business is carrying on or engaging in a trade or business in the District is determined by the nature and extent of the activities conducted by its owners or members or through employees, agents or other representatives. However, the words “trade or business” do not include sales of tangible personal property by an unincorporated business if the business does not have or does not 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 under similar agreement); and does not have an agent or other representative with an office or other place of business in the District. The words “agent or representative” do not include an independent broker regularly engaged in soliciting orders in the District for more than one principal and who holds himself/herself out as such.

An unincorporated business is required to file a return, whether or not it has an office or other place of business in the District, **if** it derives income from work done or services performed within the District, or from any type of business activity in the District, including sales of tangible personal property, or if it receives income from District sources (as explained later in the Specific Instructions).

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 unincorporated business is located outside the District; and
- (2) the property is delivered from places outside the District; and
- (3) the property is for use outside the District.

### B. UNINCORPORATED BUSINESSES NOT REQUIRED TO FILE A FRANCHISE TAX RETURN

The following entities are not required to file an unincorporated business franchise tax return:

1. Unincorporated businesses that have been recognized as exempt from D.C. franchise taxes. However, they are subject to the franchise tax on unrelated business income as defined in section 512 of

the Internal Revenue Code.

The minimum franchise tax payment of \$100 also applies to tax-exempt organizations which report gross income received from any unrelated trade or business source.

Regardless of whether a District tax-exempt organization files a Form 990-T Unrelated Business Tax return with the IRS, a copy of their federal Form 990, 990PF or 990EZ is required to be filed with the Office of Tax and Revenue, P.O. Box 556, Washington, DC 20044-0556 to maintain their District tax-exempt status.

2. A trade, business or professional organization, which by law, custom or ethics cannot be incorporated. To be exempted because custom or ethics prohibit incorporation, it must be established that the prohibition has acquired the force of law;
3. A trade or business engaged in by a blind person licensed by D.C. for the operation of a stand in a federal building pursuant to D.C. Code § 47-1808.01(4);
4. A professional corporation incorporated under the D.C. Professional Corporation Act which for the years beginning after 12/31/84 must file a D.C. Corporation Franchise Tax Return (Form D-20); or
5. A trade, business or professional organization for which:
  - (a) more than 80% of its gross income is derived from personal services actually rendered by the individual or members of the entity; and
  - (b) capital is not a material income-producing factor.

The requirements of both (a) and (b) must be met for purposes of this exemption.

In determining whether the entity meets the 80% requirement, the activities of employees and agents of the entity are presumed to have produced gross income for the business in an amount at least equal to the gross amount paid to these employees and agents. Accordingly, if the amounts paid to these persons exceeded 20% of the entity’s gross income; it would not be considered exempt.

If an individual or group of individuals is engaged, during the taxable year, in two or more separate and distinct businesses, each business shall be considered separately for purposes of determining tax-exempt status.

6. A Qualified High Technology Company that is not a corporation is exempt from the unincorporated business franchise tax.

### C. MULTIPLE BUSINESSES MUST FILE ONE RETURN

If an individual, or group of individuals, carries on two or more distinct businesses, none of which is exempt, the income and deductions of all the businesses must be included in a single return. However, separate computations may be submitted with the return to show the net income or loss of each business.

### D. RATE AND MEASURE OF THE TAX

The amount of the unincorporated business franchise tax due and payable is determined by applying the effective tax rate to the total taxable income. Total taxable income is the sum of (a) the portion of the total net income of 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. See the Specific Instructions for guidance in determining total taxable income.

## E. WHEN AND WHERE TO FILE THE RETURN AND PAY THE TAX

The unincorporated business franchise tax return together with full payment of taxes due must be submitted on or before the fifteenth day of the fourth month following the close of the calendar year or other taxable year whichever is applicable. If the due date falls on a Saturday, Sunday or legal holiday, the return is due the following business day. Mail the return and payment to the Office of Tax and Revenue, Ben Franklin Station, P.O. Box 610, Washington, D.C., 20044-0610. Make the check or money order payable to the D.C. Treasurer. Write your Federal Employer Identification Number (or Social Security Number if self-employed), D-30, and the tax year on the payment.

## F. EXTENSION OF TIME TO FILE

An extension of time to file a return may be requested by filing District of Columbia Form FR-128 (a copy of which is provided in this booklet) on or before the due date of the Form D-30 return. Copies of a federal request for an extension of time to file are not acceptable.

## G. INTEREST AND PENALTIES

Interest of .0355921 per day (13% per year) will be charged on any tax not paid on time.

For tax years beginning after 12/31/02 interest of 10 percent per year, compounded daily, will be assessed on any unpaid tax, assessable penalty or additions to tax after the due date of the franchise tax return (without regard to an extension). The interest is computed daily from the due date of the return to the date when the tax is paid.

A late payment penalty, computed at 5 percent per month or fraction of a month (limited to a 25 percent maximum), will be assessed on any unpaid franchise tax.

In addition, a penalty equal to 20 percent of that portion of an underpayment due to negligence, due to a substantial understatement of franchise tax liability or due to a valuation misstatement may be added to the franchise tax due.

Negligence means a failure to make a reasonable attempt to comply with the tax provisions or the failure to exercise ordinary and reasonable care in the preparation of a tax return without intent to defraud.

A substantial understatement of franchise tax liability occurs when the amount of the understatement exceeds the greater of 10 percent of the tax required to be shown on the return for the taxable year or \$4,000.

A valuation misstatement penalty may be applied only if there is an understatement of tax liability greater than \$5,000 that is due to a valuation misstatement. A valuation misstatement subject to a penalty may be either a substantial or gross misstatement.

A valuation misstatement is substantial if the amount determined to be the correct valuation is 200 percent or more than the amount reported on the return. The penalty for this type of misstatement is an amount equal to 20 percent of the underpayment due to the misstatement.

A valuation misstatement is gross if the amount determined to be the correct valuation is 400 percent or more than the amount reported on the return. The penalty for this type of misstatement is an amount equal to 40 percent of the underpayment due to the misstatement.

**Paid Tax Preparer Penalty** provisions enacted in Public Law 10-115 (D.C. Code § 47-163) provide for a paid tax return preparer penalty when tax liability is understated. Penalties are assessed whenever a paid 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; where relevant facts for the position are not adequately disclosed; or where the paid preparer fails to sign a return or claim for refund. Penalties range from \$50 to \$10,000.

**Charge for Dishonored Checks.** You will be charged \$65 if your check in payment of any obligation due the District of Columbia is not honored by your bank.

## H. FRAUD PENALTY:

If a portion of an underpayment of tax is due to fraud, a penalty equal to 75 percent of that portion will be added to the tax due.

If the Office of Tax and Revenue establishes that a portion of an underpayment is due to fraud, a presumption is created that the entire underpayment is due to fraud. The taxpayer has the burden to establish that it is not attributable to fraud.

## I. INTEREST ON OVERPAYMENTS OF FRANCHISE TAX

Taxpayers eligible for refunds will receive interest (6% per year) on overpayments computed at a daily rate beginning with the 181st day after the due date of the return, the date the return is filed or the date of the Office of Tax and Revenue adjustment (whichever is later) and continuing until the date of refund.

## J. SIGNATURE AND VERIFICATION

The return must be signed by an owner or member or by an officer of the unincorporated business who is authorized to sign. A receiver, trustee, or assignee must sign any return that he/she is required to file on behalf of the unincorporated business. Any person, firm or corporation who prepared the return for compensation must also sign the return and provide the required identification numbers. If a firm or corporation prepares the return, it should be signed in the name of the firm or corporation. This verification is not required if a regular, full-time employee of the taxpayer prepares the return.

## K. AMENDED RETURNS

To file an amended return for the current tax year use Form D-30 and fill in the "Amended Return" oval. Also, you must complete the "Taxable Year Ending" box to indicate the tax year being amended.

When submitting an amended return for a current or prior year include 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 (or Social Security Number if self-employed with no employees) and the tax period involved. A "COPY" of your originally filed Form D-30 should be attached to the detailed statement.

The law requires that if the Internal Revenue Service made any adjustments to your federal income tax return or if you file an amended return with the IRS you must, within 90 days thereafter, submit separately from your current D.C. unincorporated business franchise tax return an amended D.C. franchise tax return. If the federal adjustment results in a D.C. tax refund, you have 180 days in which to file for the refund. **NOTE:** Form D-2030X, previously used to amend Form D-30 is obsolete and should not be used. Prior year forms may be obtained by calling 202-442-6546.

Mail the detailed statement and the amended return with any accompanying documents to the Government of the District of Columbia, Office of Tax and Revenue, P.O. Box 610, Washington, D.C. 20044-0610.

## SPECIFIC INSTRUCTIONS

Every unincorporated business required to file a return must complete all schedules and furnish the information required to be reported on the unincorporated business franchise tax return, Form D-30, in accordance with these Specific Instructions.

**Allocations and Apportionment Required.** An unincorporated business carrying on its trade or business both within and outside the District of Columbia must subject all of its business income to apportionment and thus allocate to within or outside the District those items of income which are clearly determined to be non-business income as provided in the Specific Instructions.

### DEFINITIONS

(Definition of terms used in these instructions are as follows unless otherwise stated.)

1. "Business income" means income arising from transactions and activities occurring 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 integral 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 from any class or 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 that 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 are transactions and activities arising in the regular course of business and constituting integral parts of the trade or business.
2. "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.
3. "Compensation" means wages, salaries, commissions and any other form of remuneration paid or accrued to employees for personal services.
4. "Non-business income" means all income other than business income.
5. "Transportation company" means any person engaged in the transportation of persons or goods or property of others for hire.
6. "Sales" means all gross receipts of the taxpayer, including any dividends, interest and royalties considered to be business income, which are not required to be allocated.
7. For purposes of the allocation and apportionment of income, "taxable in another state" means that 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

(The following numbers correspond to line numbers on page 1, Form D-30.)

1. **GROSS RECEIPTS:** Enter the total gross receipts from sales and operations, less returns and allowances.
2. **COST OF GOODS SOLD:** Enter the figure shown on Line 8 of Schedule A, page 3. If the production, manufacture, purchase, or sale of merchandise is an income-determining factor in the trade or business, inventories of merchandise on hand should be taken at the beginning and end of the taxable year. The inventory may be

valued at cost, or at cost or market value, whichever is lower, or by such other method as is being used by the business, 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 includes an amount applicable to the cost of operations, attach a statement showing: (1) salaries and wages; and (2) other costs in detail. **Note:** the extra 30 percent depreciation allowed under federal law is not allowed by the District. Therefore, if you claim the 30 percent depreciation on your federal return you must reduce the depreciation claimed on your D.C. return by that amount.

4. **DIVIDENDS:** Enter the taxable amount of dividends. Attach a detailed statement showing the calculation of the taxable amount. An unincorporated business is allowed a deduction for Subpart F income (as defined in Section 952 of the Internal Revenue Code).
5. **INTEREST:** Enter on a statement to be attached to the return, all interest received by or credited during the taxable year except interest on obligations of the United States, its agencies or instrumentalities or those of the District of Columbia.
6. **GROSS RENTAL INCOME:** Enter the gross amount received from the rental of real or personal property from Line 7, Column 3 of Schedule D, page 3 of the Form D-30. Rental income, which is related to a trade or business, is not to be entered on Line 26(a). Rental income is subject to the unincorporated business franchise tax if the gross rental income (and other related income) exceeds \$12,000 during the year.
7. **ROYALTIES:** Report royalty income and related expenses in the same manner as rental income and rental expenses. Royalties derived from patents developed by the taxpayer are considered "business income".
- 8.(a) **NET CAPITAL GAIN:** In general, any recovery of depreciation arising from the sale of an asset that may or may not cause the termination of the unincorporated business is reportable. If the sale of an asset causes termination of the unincorporated business, depreciation recapture is reported on the Form D-30. Any gain in excess of the recaptured amounts is reported on the individual income tax returns of the owners or members; otherwise, capital gains or losses are treated in the same manner as they are for federal corporation income tax purposes. Detailed instructions are contained in the instructions for Schedule D, U.S. Corporation Income Tax Return (Federal Form 1120). Under Internal Revenue Code section 1231 gains are considered "business income."
  - (b) **ORDINARY GAIN (OR LOSS):** Enter the total ordinary gain or loss from federal Form 4797, (Sales of Business Property). Attach a copy of your Form 4797 to your Form D-30 return. If you claim the Federal 30% bonus depreciation (which is not allowed for D.C. tax purposes) on property you must adjust the basis of the property for gain/loss purposes.
9. **OTHER INCOME:** Enter the total amount of income not reported elsewhere in the return and attach a detailed explanation.

### DEDUCTIONS

Deductions are allowed if they are ordinary and necessary and are directly related to business income as defined in these instructions. Deductions must not be taken on this return for interest, taxes, contributions and other itemized deductions normally deductible on individual income tax returns filed by owners or members of the unincorporated business.

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

Enter on Line 26(b) the portion of deductions related to the income allocated within or outside the District of Columbia. Please note that expenses connected with the production of income from U.S. Treasury securities are includible in Line 26(b).

- 11. SALARIES AND WAGES:** Enter the amount of those salaries and wages not deducted elsewhere on the return. Do not include compensation of the owners and members of the unincorporated business. Include on Line 26(b) any salaries, wages and other compensation connected with the production of income not subject to the unincorporated business franchise tax, according to a ratio reflecting the percentage dedicated to taxable and nontaxable activities. Attach a statement showing this computation. Certified employee wages used to compute the credit on the EDZ1 credit worksheet, page 8 of this booklet are not allowed as salary deductions.
- 12. 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 buildings, machinery, 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.
- 13. BAD DEBTS:** Bad debts are to be treated in the same manner as they are for federal tax purposes and are allowed to the same extent as under the Internal Revenue Code. A copy of the pertinent schedule or form submitted with your federal return must be attached to your Form D-30.
- 14. RENTAL EXPENSES RELATED TO RENTAL INCOME:** From Line 8, Column 6, Schedule D, enter the total amount of expenses related to the rental income reported on Line 6, page 1. Do not deduct elsewhere in this return the expenses relating to rental income. The 30 percent bonus depreciation allowed on your federal return is not an allowable rental expense for D.C. tax purposes.
- 15. RENT:** Enter the amount of rent paid or accrued for business property in which the unincorporated business has no equity.
- 16. TAXES:** Enter the taxes imposed on the taxpayer as reported in Schedule C of Form D-30. The following taxes are not allowable deductions and are not to be included in Schedule C:
- Income and excess profits taxes;
  - Franchise taxes imposed by the unincorporated business tax law; or
  - Taxes assessed against the property for local benefits of a kind tending to increase the value of the property assessed.
- 17. INTEREST EXPENSE:** Enter interest paid or accrued on business indebtedness as reflected in Schedule E of Form D-30. If the unincorporated business has investments in securities or other property, the income from which is not subject to the unincorporated business 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 those securities or other investments, bears to the average value of the total assets of the unincorporated business. Any remainder is entered on Line 26(a). For this purpose, average values are obtained by adding the beginning and ending values of assets shown on the balance sheet for the tax period and then dividing by two, or they 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:** From Schedule B, page 3 of Form D-30, enter the amount of contributions or gifts actually made within the taxable year by the unincorporated business to or for the use of any religious, charitable, scientific, literary, military, or educational institution, no part of the net income of which inures to the benefit of any private shareholder or individual. The deduction for contributions and/or gifts may not exceed 15% of net income of the business before making any deductions for contributions.
- 19. AMORTIZATION:** Attach a copy of your federal Form 4562 (Depreciation and Amortization) detailing the amortization deduction.
- 20. DEPRECIATION:** Enter the amount of depreciation reported on federal Form 4562. Do not include any amounts already deducted on Line 14, page 1 or elsewhere on the return. The depreciation allowance does not apply to inventories, stock-in-trade or land. To compute depreciation you must use the same method you used on federal

Form 1120, U.S. Corporation Tax Return or federal Form 1065, U.S. Partnership Return of Income, if this method is approved by the Internal Revenue Service. Please note, District law does not contain a provision similar to the investment tax credit provided in federal law. The basis for computing depreciation is the same basis as that used for federal income tax purposes. Attach a copy of your federal Form 4562.

**Note:** The extra 30 percent depreciation allowed under federal law is not allowed by the District. Therefore, if you are claiming the 30 percent depreciation on your federal return you will need to reduce the depreciation claimed on your Form D-30 by that amount.

- 21. OTHER ALLOWABLE DEDUCTIONS:** From Schedule G, page 4 of the Form D-30, enter the total amount of other allowable deductions. Include on Line 26(b) any deductions applicable to the production of income not subject to the unincorporated business franchise tax after 9/30/84.

#### ALLOCATION OF NON-BUSINESS INCOME

- Allocate, as provided in paragraphs 2 through 8 below, income from: rents and royalties; 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.**
- (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 commercial domicile 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 period 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 tangible personal property during the rental or royalty period is unknown or unascertainable by the taxpayer, the property is considered as used in the state in which it was located at the time the rental or royalty payer obtained possession.
- (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 any tangible personal property 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 commercial domicile 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 commercial domicile is in the District.
- 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.
- Rents and royalties from patents, copyrights, trademarks, service

marks, secret processes and formulas, goodwill, franchises and other like property are allocable only if they are determined not to have arisen from a trade or business activity, or they are not being used in the trade or business. These royalties shall be allocated according to where the patent is situated or used, or the copyrighted material is published or used.

6. Income from sales 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 are allocable to the District.
8. Where income is allocable within or outside the District, all expenses, losses and other deductions incurred in the production of such income are similarly allocable. Losses incurred in any transaction entered into for the production of non-business income are allowed only to the extent that any profits from the transaction would be taxable under the law.

### **FORM D-30 SCHEDULES**

**SCHEDULE F – D.C. APPORTIONMENT FACTOR:** An unincorporated business that carried on or engaged in a trade or business both within and outside the District must use the three-factor formula to apportion business income to the District. An unincorporated business domiciled in the District and not subject to tax anywhere else shall apportion 100% of its net business income to the District, and allocate 100% of its non-business income to the District. An unincorporated business carrying on, or engaging in, a trade or business both within and outside the District must apportion all trade or business income by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor. The denominator is the number three reduced by the number of factors, if any, having no denominator.

#### **1. Property Factor.**

(a) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property either owned by or rented to the taxpayer and used by the taxpayer in the District during the taxable year. 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 anywhere during the taxable year. Neither the numerator nor the denominator of the property factor should include property or any portion thereof, which is not used to produce business income.

(b) **In the case of transportation companies**, the numerator of the property factor, in addition to the property described in 1(a) above, includes that portion of the average value of vehicles, rolling stock, aircraft, all watercraft 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 property bears to the total miles per unit of equipment traveled everywhere by each class of property.

(c) Where property is used in activities the income from which is allocable or apportionable under D.C. regulations, the taxpayer may employ, subject to the approval of the Office of Tax and Revenue, or 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.

(d) Property owned by the taxpayer is valued at its original cost to the taxpayer plus the cost of any additions and improvements. If the taxpayer's original cost 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 paid by the taxpayer less any annual rental rate received by the taxpayer from a sub-rental, provided that the rental and sub-rental

rates are reasonable. The term "net annual rental rate" includes amounts paid or accrued for the use or rental of the property or facilities of another whether paid as rent, reasonable compensation for use or under 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.

(e) The average value of property must be determined by averaging the values at the beginning and end of the tax period that the 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 reflect properly the average value of the taxpayer's property.

#### **2. Payroll Factor.**

(a) The payroll factor is a fraction, the numerator of which is the total compensation paid or accrued by the taxpayer for persons performing services in the District during the taxable year. 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 shall include 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 considered in the computation of a payroll factor.

(b) **In the case of transportation companies**, the numerator of the payroll factor, in addition to other compensation described in paragraph 2(a) above, includes that portion of the total compensation paid or accrued to employees who are employed on vehicles, rolling stock, aircraft, all watercraft, 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 computed under paragraph 2(a) relating to the portion of the average value of vehicles, rolling stock, aircraft, all watercraft and other equipment of transportation companies to be included in the numerator of the payroll factor.

(c) Where compensation is paid or accrued for services 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 that Office may require, the use of any method which will properly reflect the portion to be used in arriving at the payroll factor.

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

- (1) the individual's service is performed entirely in the District; or
- (2) the individual's service is performed both in and outside the District, but the service performed outside the District is incidental to the individual's service in the District; or
- (3) some of the individual's service is performed in the District and (i) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the District, or (ii) the base of operations or the place from which the service is directed or controlled is not in the District, or in any state in which some part of the service is performed but the individual's residence is in the District.

#### **3. Sales Factor.**

(a) 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. The denominator is the total sales of the taxpayer everywhere during the taxable year.

(b) The sales factor for 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 equals one revenue unit; ten passengers equals 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 lieu of originating and terminating tonnage.

(e) 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—

- (1) the property is delivered or shipped to a purchaser in the District; or
- (2) the ultimate destination of the property, after all transportation including transportation by the purchaser has been completed, is a point in the District; or
- (3) 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.

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

- (1) the income-producing activity or service is performed in the District; or
- (2) the income-producing activity or service is performed both within and outside the District and a greater proportion of that activity or service is, based on the cost of performance, performed in the District rather than in a state.

#### 4. General.

If use of the rules for the allocation and apportionment of income results in a tax that does not fairly represent the extent of the taxpayer's tax liability arising from either 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—

- (a) a separate accounting, unless the entity is conducting a unitary business; or
- (b) exclusion of one or more factors; or
- (c) inclusion of one or more additional factors which will represent fairly the extent of the taxpayer's trade or business in the District; or
- (d) use of any other method to effect a fair allocation and apportionment of the taxpayer's income.

#### SCHEDULE H – Income not Reported (Claimed as Nontaxable)

Report all income of the unincorporated business which you consider as not subject to the unincorporated business franchise tax and furnish reasons why the income should be considered as nontaxable.

**SCHEDULE I – Balance Sheet.** Submit balance sheets as of the beginning and end of the taxable year. They should conform to the unincorporated business' books and records and agree with the information reported on the federal income tax return. Where required, any variation must be explained in a statement attached to the return.

**SCHEDULE J – Distribution and Reconciliation of Net Income (or Loss).** Furnish all information indicated in the schedule. Under the provisions of D.C. Code §47-1805.01(a), you must enter the Social Security Number of each of the owners in the space provided. The Social Security Number is necessary for the proper identification of an owner's tax account with the District and will be used only for tax administration purposes. Any additional names, social security numbers, etc. may be listed on an attachment filed with the return.

**SUPPLEMENTAL INFORMATION** (page 5 of Form D-30): Please answer all the questions in this schedule.

## UNINCORPORATED BUSINESS FRANCHISE TAX COMPUTATIONS

(The following numbers refer to line numbers on page 2, Form D-30.)

23. **NET INCOME:** Enter on **Line 23** the net income, which is the difference between **Line 10** and **Line 22**.
24. Enter the amount of any District net operating loss carryover from the prior year for a loss year before 2000.
25. **Net Income After Net Operating Loss Deduction:** If the total net income is from a trade or business carried on entirely in the District, the figure shown on line 25 should be entered on line 31.
26. Report on **Lines 26(a)** and **(b)** non-business income and related expenses. Enter the difference on **Line 26(c)** and submit a detailed explanation of the allocation of income and expense.
27. **NET INCOME FROM TRADE OR BUSINESS SUBJECT TO APPORTIONMENT:** Enter on **Line 27** the net income from a trade or business, which is subject to apportionment. This figure is determined by subtracting **Line 26(c)** from **Line 25**.
28. Enter on **Line 28** the D.C. apportionment factor computed on **Line 5** of *Schedule F*.
29. Multiply the amount on **Line 27** by the D.C. apportionment factor (line 28) and enter the result on **Line 29**.
30. Enter on **Line 30** (from line 26(c)) the portion of non-business income and related expenses shown on **Lines 26(a)** and **(b)** attributable to the District.
32. **SALARY FOR TAXPAYER (S) SERVICES:** You may deduct a reasonable allowance for salaries or other compensation for personal services actually rendered by the owner(s) or member(s) of the business. The amount paid or accrued to an owner(s) or member(s) as a drawing account is not the measure of the deduction. The amount to be allowed as a deduction for salaries or other compensation of the owner(s) or member(s) of the business shall not, in the aggregate, exceed 30% of the net income of the unincorporated business computed without this deduction. In determining a reasonable salary allowance, fees paid to independent management or collection entities for management services performed on behalf of the unincorporated business shall be considered as a reduction of the amount claimed as a salary allowance, computed without the management fee deduction. The amount claimed on Line 32, of the return, shall not exceed 30% of Line 31, of the return. Show the salary claimed in *Schedule J*, Column 4 on page 5 of the Form D-30.  
  
The portion of this allowance that is used as an offset against the total District net income shown on line 31 of page 2 of the return should be divided among the owner(s) or member(s) of the business according to their respective interests as listed in column 3 of schedule J on page 5 of the return. The total amount from column 4 is entered on line 32 of page 2 of the return.
33. **EXEMPTION:** An exemption of \$5,000 is allowed where the period covered by the return is a full twelve months. If the business was not operating for a full year and the figures reported in the return are for a period of less than a full year, the exemption must be prorated on a daily basis. In this case, the calculation of the exemption must be furnished in a separate statement attached to the return and must reflect the date of the commencement of the busi-

ness (if the business commenced after the beginning of the taxable period) and the date of termination of the business (if the business ceased operating before the close of the taxable period). The portion of this exemption used to offset the total District net income shown on **Line 31** of page 2 of the return should be divided among the owner(s) or member(s) of the business according to their respective interests (column 3, Schedule J) and listed in Column 5 of *Schedule J*, page 5, of the return. Enter the total of Column 5 on **Line 33**, page 2.

**34. TOTAL TAXABLE INCOME** before the apportioned Net Operating Loss deduction. Enter on **Line 34** the difference between the figure on **Line 31** and the sum of **Lines 32** and **33**.

**35. APPORTIONED NOL DEDUCTION.** Enter the amount of unused District apportioned net operating loss carry forward for loss year 2000 and thereafter.

**36. TOTAL TAXABLE INCOME:** Enter on **Line 36** the difference between the figures on **Line 34** minus the **Line 35** amount.

**38.** If line 38(b) includes any credit brought forward from a year prior to 2001 please attach an explanation.

Instructions and worksheet for the line 38(c) EDZI credit are provided below.

**39-44.** Complete these lines in accordance with the instructions on the form.

### ECONOMIC DEVELOPMENT ZONE INCENTIVES CREDIT

#### SUPPORTING DOCUMENTS REQUIRED

If you are claiming the Economic Development Zone Incentives (EDZI) credit against your D.C. franchise tax liability, you **MUST** attach to your return:

1. A copy of the D.C. Council Resolution approving the qualification for 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.

The Economic Development Zone Incentives Amendment Act of 1988 allows a qualified business certain credits against its unincorporated business franchise tax liability. (The maximum annual credit is \$7500.) A qualified business is an unincorporated business approved as qualified under Section 5 of EDZI by the D.C. Office of Economic Development. To claim the credit 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 unincorporated business 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 unincorporated business franchise tax in an amount equal to 50% of the insurance premiums attributable to all employees for which it obtains employer liability insurance under the District of Columbia Workers' Compensation Act of 1979.

3. A qualified business lessor is allowed a rent credit against the unincorporated business franchise tax. The credit allowed is the difference between the rental market value of the space actually leased to a licensed nonprofit child care center and the actual rent stated in the lease agreement as reflected in the D.C. Council resolution approving the qualification of the business.

A nonprofit child care center is a child development center as defined in Section 10 of EDZI.

A credit carry forward for up to five years is provided for any EDZI credit not used in a previous year. The maximum amount that may be claimed in any year is \$7,500, including any carry forward.

#### 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 \$	50% of 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 any EDZI credit carried forward from a previous year		
	Total EDZI credit (enter on Line 38 (c), page 2)		\$



TAXPAYER NAME: \_\_\_\_\_

FEDERAL EMPLOYER I.D. NUMBER/SSN : \_\_\_\_\_



ENTER DOLLAR AMOUNTS ONLY

Mail return and payment to: Government of the District of Columbia, Office of Tax and Revenue, Ben Franklin Station, P.O. Box 610, Washington, D.C. 20044-0610, on or before the 15th day of the fourth 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/SSN, "D-30" and tax year on your payment.

TAXABLE INCOME

TAX

Table with 4 columns: Description, Action (Fill in if minus), Line Number, and Amount. Rows include Net Income, Deductions, Taxable Income, and Tax calculations.

PLEASE SIGN HERE

Under penalties of law, I declare that I have examined this return and, to the best of my knowledge, it is correct. Declaration of paid preparer is based on all information available to the preparer.

TAXPAYER'S SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

Telephone Number of Person to Contact [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

PAID PREPARER ONLY

PREPARER'S SIGNATURE (if other than taxpayer) \_\_\_\_\_ DATE \_\_\_\_\_ FIRM NAME \_\_\_\_\_ FIRM ADDRESS \_\_\_\_\_

Preparer's FEIN, SSN or PTIN [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]



**Schedule E - INTEREST EXPENSE** (See specific instructions for Line 17.)

Name and Address of Payee	Amount	Name and Address of Payee	Amount
	\$		\$
TOTAL (Enter on Line 17, page 1, that portion of the total not included in Schedule D.)			\$

**Schedule F - D.C. APPORTIONMENT FACTOR** (See Specific Instructions – Carry all factors to six decimal places)

	Col. 1 TOTAL	Col. 2 IN D.C.	Col. 3 FACTOR (Column 2 divided by Column 1)
1. PROPERTY FACTOR: Average value of real estate and tangible personal property owned by or rented to the unincorporated business and used by that business	\$	\$	
2. PAYROLL FACTOR: Total compensation paid or accrued by the unincorporated business	\$	\$	
3. SALES FACTOR: All gross receipts of the unincorporated business, other than receipts from items of non-business income	\$	\$	
4. SUM OF FACTORS: (Add Column 3)			
5. D.C. APPORTIONMENT FACTOR - Divide Line 4 by the number 3, or 3 reduced by the number of factors without a denominator.			

**Schedule G - OTHER ALLOWABLE DEDUCTIONS** (See specific instructions for Line 21)

Nature of Deduction	Amount
	\$
TOTAL (Enter also on Line 21, page 1)	\$

**Schedule H - INCOME NOT REPORTED (Claimed as Nontaxable)**  
(See Instructions on page 7)

Nature of Income	Amount
	\$
TOTAL	\$

**Schedule I - BALANCE SHEET** (See page 7 of Instructions)

	BEGINNING OF TAX YEAR		END OF TAX YEAR	
	AMOUNT	TOTAL	AMOUNT	TOTAL
<b>ASSETS</b>	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) States, subdivisions thereof, etc			
	5. Other current assets (attach statement)			
	6. Mortgage and real estate loans			
	7. Other investments			
	8. Buildings and other fixed depreciable assets			
	(a) MINUS: Accumulated depreciation			
	9. Depletable assets			
	(a) MINUS: Accumulated depletion			
10. Land (net of any amortization)				
11. Intangible assets (amortizable only)				
(a) MINUS: Accumulated amortization				
12. Other assets (attach statement)				
13. TOTAL ASSETS				
<b>Liabilities - Capital</b>	14. Accounts payable			
	15. Mortgages, notes, bonds payable in less than 1 year			
	16. Other current liabilities (attach statement)			
	17. Mortgages, notes, bonds payable in 1 year or more			
	18. Other liabilities (attach statement)			
	19. Capital			
	20. TOTAL LIABILITIES AND CAPITAL			

**Schedule J - DISTRIBUTION AND RECONCILIATION OF NET INCOME (OR LOSS)**

Col. 1		Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
Name and Address of Owner(s)	Social Security Number	Percentage of Time Devoted to this Business	Percentage of Ownership	Salary Claimed	Exemption Claimed	Net Loss D.C. Sources	Net Income (or Loss) from Outside D.C.	Total Income (or Loss) Not Taxable to the Unincorporated Business (Add Cols. 4 thru 7)
		%	%	\$	\$	\$	\$	\$
TOTAL .....				\$	\$	\$	\$	\$
<b>Col. 4 - See page 7 of Instructions</b> <b>Col. 5 - See page 7 of Instructions</b> <b>Col. 6 - Amount from Line 31 of return</b> <b>Col. 7 - Enter the difference between Line 23 and Line 31 of return</b>				Enter total taxable income as shown on Line 34 of return				
				Net income of Unincorporated Business from both within and outside the District (from Line 23 of return) .....			\$	

**SUPPLEMENTAL INFORMATION (See page 7 of instructions)**

1. During 2002, has the Internal Revenue Service made or proposed any adjustments in your federal income tax returns, or did you file any amended returns with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No. If "Yes", submit separately an amended Form D-30 and a detailed statement, concerning any adjustments, to the Office of Tax and Revenue, P.O.Box 610, Washington, D.C. 20044-0610.	2. PRINCIPAL BUSINESS ACTIVITY		3. DATE BUSINESS BEGAN	
	4. IF BUSINESS HAS TERMINATED, STATE REASON		5. TERMINATION DATE	
	6. TYPE OF OWNERSHIP (sole proprietor, partnership, etc.)			
7. Place where federal income tax return for period covered by this return was filed:				
8. Name(s) under which federal return for period covered by this return was filed:				
9. Have you filed annual Federal Information Returns, (forms 1096 and 1099) pertaining to compensation payments for 2002? Yes <input type="checkbox"/> No <input type="checkbox"/> If no, please state reason:				
10. Is this return reported on the accrual basis? Yes <input type="checkbox"/> No <input type="checkbox"/> If no, check method used: <input type="checkbox"/> Cash basis <input type="checkbox"/> Other (specify) _____				
11. Did you withhold D.C. income tax from the wages of your employees during 2002? Yes <input type="checkbox"/> No <input type="checkbox"/> If no, state reason: _____				
12. Did you file a franchise tax return for the business with the District of Columbia for the year 2001? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, enter name under which return was filed: _____				
13. Does this return include income from more than one business conducted by the taxpayer? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, list businesses and net income (loss) of each) _____				
14. Is the income from any other business or business interest owned by the proprietors of this business being reported in a separate return? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, list names and addresses of these businesses) _____				
15. Is this business an adjunct of a corporation, or affiliated with any corporation? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, explain affiliation to stockholders and proprietors) _____				



Government of the District of Columbia  
Office of Tax and Revenue

Enter Year

Net Operating Loss Deduction For Loss Year

Prior to 2000 \_\_\_\_\_  
2000 and After \_\_\_\_\_

Complete a separate Schedule NOL for each unincorporated business that is carrying forward an NOL.

Name of unincorporated business	FEIN/SSN
---------------------------------	----------

Year	District net income/loss	Losses claimed	Losses remaining
Oldest loss year			
Subsequent year 1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
2002 Summary:		Total losses claimed	Total losses remaining (to be carried forward)





Government of the District of Columbia  
Office of Tax and Revenue

Net Operating Loss Deduction For Loss Year

Prior to 2000  
2000 and After

Enter Year

\_\_\_\_\_

\_\_\_\_\_

Complete a separate Schedule NOL for each unincorporated business that is carrying forward an NOL.

Name of unincorporated business		FEIN/SSN	
Year	District net income/loss	Losses claimed	Losses remaining
Oldest loss year			
Subsequent year 1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
<b>2002 Summary:</b>		Total losses claimed	Total losses remaining (to be carried forward)



TAXPAYER NAME : \_\_\_\_\_

FEDERAL EMPLOYER I.D. NUMBER/SSN : \_\_\_\_\_



<b>PLEASE SIGN HERE</b>	Under penalties of law, I declare that I have examined this return and, to the best of my knowledge, it is correct. Declaration of paid preparer is based on all information available to the preparer.	
<b>CORPORATE SEAL</b>	_____ TAXPAYER(S) SIGNATURE(S) (See Instructions)    TITLE    DATE	Telephone Number of Person to Contact <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/>
<b>PAID PREPARER ONLY</b>	_____ PREPARER'S SIGNATURE (If other than taxpayer)    DATE  _____ FIRM NAME  _____ FIRM ADDRESS	Preparer's FEIN, SSN or PTIN <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Mail return and payment to: Government of the District of Columbia, Office of Tax and Revenue, 6<sup>th</sup> 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 (or SSN), "FR-128" and tax year on your payment.