

# MONTHLY SALES AND USE TAX – GENERAL INFORMATION

## GENERAL INFORMATION

- A. FILING PERIOD AND DUE DATES:** A monthly return is due on or before the 20th of each month following the reporting period. If the due date falls on a Saturday, Sunday or legal holiday, the return is due on the next business day. To avoid a delinquency notice, a return must be filed even if no sales were made or no sales or use tax is due.
- B. FORMS:** A booklet with all the necessary forms and instructions is mailed to each registered taxpayer. Taxpayers are responsible for filing and paying on time whether or not the forms are received.
- C. PAYMENTS:** Make checks or money orders payable to the *D.C. Treasurer* and mail your payment with monthly sales and use tax returns to the Government of the District of Columbia, P.O. Box 679, Ben Franklin Station, Washington, D.C. 20044-0679. Payments may be made in person at any branch of the First Union Bank located in the District. Please write your Federal Employer Identification Number, FR-800M and the tax year on your payment.
- D. CHARGE FOR DISHONORED CHECKS:** There is a charge of \$50 for each dishonored check issued to the District of Columbia.
- E. EXEMPT AND NONTAXABLE SALES:** The following are examples of exempt and, therefore, nontaxable sales:
- (a) Sales to the United States or the Government of the District of Columbia or any instrumentalities thereof.
  - (b) Sales to semipublic institutions having a D.C. Certificate of Exemption (FR-551).
  - (c) Sales to a purchaser that furnished you with a D.C. Certificate of Resale (FR-368)  
or
  - (d) Sales delivered to a purchaser outside the District of Columbia.
- NOTE:** Charitable organizations must collect sales tax from the purchasers of items sold and remit the tax as indicated in item C.
- F. RULES FOR REPORTING SALES AND GROSS RECEIPTS:** Report cash, credit or charge sales, including conditional sales, for the month in which the sale occurred, even if a portion of the sale price has not been collected. Do not deduct from taxable sales the refunds you issued for previously reported sales (see information under Overpayment of Sales or Use Tax) or sales of property that was subsequently repossessed. You may deduct uncollectable balances of accounts (bad debts). Subsequent collections of bad debts must be reported in full in the period in which they are collected. Expenses incurred in collecting bad debts are not deductible. (See Title 9 of the D.C. Municipal Regulations.)
- NOTE:** Title 9 of the D.C. Municipal Regulations may be purchased from the Office of Documents, 441 Fourth St., N.W., Suite 520-S, Washington, D.C. 20001.
- G. CRIMINAL PENALTIES:** Any person required to file a return or report, or perform any act under the provisions of the Sales and Use Tax Act who:
- (a) Fails or neglects to file the return or report or perform such act within the time required shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned for not more than six months, or both, for each and every failure or neglect.
  - (b) Willfully fails or refuses to file the return or report or perform such act within the time required shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year, or both.

These penalties are in addition to penalties for false statements under D.C. Code §22-2514 and any other penalties provided in the Sales and Use Tax Act. Corporate officers may be held personally liable for the payment of taxes owed if the payment is not remitted to the District.

## H. PENALTY AND INTEREST CHARGES:

- (a) There is a penalty of 5 percent per month imposed for the failure to file a return or pay any tax due on time. The penalty is computed on the unpaid tax for each month, or fraction of a month, that the return is not filed or the tax is not paid. The penalty is not to exceed 25 percent of the tax due.
- (b) There is a 20 percent penalty on any understatement of taxes due if the understatement exceeds either 10 percent of the tax determined to be due or \$2,000, whichever is the greater. An understatement of taxes is the difference between the amount shown on the original or amended return and the amount of tax determined to be due as a result of an audit or review.
- (c) Interest of 1.5 percent per month, or portion of a month, will be assessed on a late return or late payment, without regard to any extension.

**I. USE TAX REPORTING:** You are required to report the cost of all personal property and taxable services used or consumed by you within the District for which sales tax has not been paid to any state. This includes the cost of items purchased under a Certificate of Resale or withdrawn from stock for personal use or for use in the conduct of your business.

**J. OVERPAYMENT OF SALES OR USE TAX:** An overpayment of sales or use tax for a prior year should not be taken as a credit on the tax return of a subsequent period. To receive a refund of the overpayment, you must file a Claim for Refund of Sales and Use Tax, Form FR-331. If additional information is needed, please call (202) 727-4TAX (4829).

**K. CREDIT FOR COLLECTION EXPENSES:** A taxpayer who timely files a return and pays the tax due in full may take a credit on Line 11, Column C, against the sales tax due. (The purpose of the credit is to reduce the taxpayer's cost of collecting and remitting the sales tax.) The credit is equal to the lesser of 1 percent of the sales tax due or \$5,000.

## RETURN INSTRUCTIONS

**NOTE:** Lines 1-4 are for reporting use tax.

**LINE 1, COL. B:** Enter the TAXABLE AMOUNT of all items or services used by you in the District for the month being reported for which you have not previously paid sales tax to any state. Multiply the amount by the tax rate shown in Col. A and enter the result on Line 1, Col. C.

**LINE 2, COL. B:** Enter the TAXABLE AMOUNT OF alcoholic beverages used by you in the District for the month being reported for which you have not previously paid sales tax to any state. Multiply the amount by the tax rate shown in Col. A and enter the result on Line 2, Col. C.

**LINE 3, COL. B:** Enter the TAXABLE AMOUNT of all food and drink used or consumed in the District, or rentals of motor vehicles or utility trailers (except those registered for commercial purposes) for the month being reported for which you have not previously paid sales tax to any state. Multiply the amount by the tax rate shown in Col. A and enter the result on Line 3, Col. C.

**LINE 4. TOTAL USE TAX:** Add Lines 1, 2, and 3 of Col. C and enter the result on Line 4, Col. C.

## RETURN INSTRUCTIONS CON'T

Line 5-10 are for reporting sales tax.

**LINE 5, COLUMN B:** Enter the TAXABLE AMOUNT of sales for the month being reported for the following:

- (a) Sales of tangible personal property delivered in the District of Columbia.
- (b) Rentals or leases of tangible personal property, except rentals or leases of non-commercial vehicles.
- (c) Sales of newspapers and publications.
- (d) Sales of food or drink sold through vending machines and sales of snack food.
- (e) Sales of the following services: real property maintenance; landscaping; employment; personnel placement; data processing; information; production, fabrication or printing; repairs or alterations of tangible personal property; copying, photocopying, duplicating, or mailing; delivery; and laundering, dry cleaning, or pressing; except if the service is performed by coin-operated equipment.
- (f) Sales of stationary two-way radio services, telegraph services, teletypewriter services, teleconferencing services, "900", "976", "915", and other "900" type telecommunication services, telephone answering services, and coin-operated telephone services. Sales of these services are exempt from sales tax if charges to the end-user are subject to District of Columbia gross receipts or the toll telecommunication tax.
- (g) Admissions to certain public events.
- (h) Sales of local telephone service, gas, oil and electricity for commercial use.
- (i) Sales of solid fuel or steam.

Multiply the amount of sales by the tax rate shown in Col. A and enter the result on Line 5, Col. C.

For detailed information refer to the "General Information-Sales and Use Taxes" pamphlet (FR-379).

**LINE 6, COLUMN B:** Enter the TAXABLE AMOUNT of sales for the month being reported for alcoholic beverages sold for consumption off the premises. Multiply the amount by the tax rate shown on Col. A and enter the result on Line 6, Col. C.

**LINE 7, COLUMN B:** Enter the TAXABLE AMOUNT of sales for the month being reported for the following:

- (a) All sales of food or drink served or prepared for immediate consumption or sold in or by restaurants, lunch counters, cafeterias, hotels, caterers, boarding houses, carry-out shops and other similar places of business. This includes food or drink in a heated state, cold drinks dispensed on a self-serv-

ice basis into a container; and frozen yogurt, ice cream, ice milk or sherbet sold in quantities of less than one pint.

- (b) Rental of motor vehicles and utility trailers, except those registered for commercial purposes.
- (c) Sales of alcoholic beverages sold for consumption on the premises.
- (d) Sales of prepaid telephone calling cards.

Multiply the amount of sales by the tax rate shown in Col. A and enter the result on Line 7, Col. C.

**LINE 8, COLUMN B:** Enter the TAXABLE AMOUNT for the month being reported for charges for the service of parking, storing or keeping motor vehicles or trailers. Multiply the amount by the tax rate in Col. A and enter the result on Line 8, Col. C.

**LINE 9, COLUMN B:** Enter the TAXABLE AMOUNT for the month being reported for charges for rooms, lodgings or accommodations furnished to transients. Multiply the amount by the tax rate in Col. A and enter the result on Line 9, Col. C.

**LINE 10, COLUMN B:** Add all entries on Lines 5 through 9 of Column B and enter as the TOTAL TAXABLE SALES.

**LINE 10, COLUMN C:** Add all entries on Lines 5 through 9 of Column C and enter as the TOTAL SALES TAX.

**LINE 11, COLUMN B:** Enter your TOTAL EXEMPT SALES for the month being reported.

**LINE 11, COLUMN C: Credit for timely-filed and fully-paid return is no longer allowed due to the Tax Clarity Act of 2001.**

**LINE 12, COLUMN B:** Add Lines 10 and 11 of Column B, and enter the result as the TOTAL SALES.

**LINE 12, COLUMN C:** Add Lines 4 (TOTAL USE TAX) and 10 (TOTAL SALES TAX) of Column C, enter the result, this is the TAX DUE.

**LINE 13, COLUMN C:** Enter any penalty due. The penalty is 5 percent per month for failure to file a return or pay any tax due on time. Compute the penalty on the unpaid tax for each month, or fraction of a month, that the return is not filed or the tax is not fully paid. The penalty shall not exceed 25 percent of the tax due.

**LINE 14, COLUMN C:** Enter any interest due. Interest of 1.5 percent per month, or portion of a month, must be paid on any tax that remains unpaid after the due date of the return, without regard to any extension of time to file.

**LINE 15, COLUMN C:** Add Lines 12, 13, and 14 of Column C, and enter the result, this is the TOTAL AMOUNT DUE.

**NOTE:** Sales tax must be charged and collected on the actual selling price.

**NOTE: You must enter your Federal Employer Identification Number on the Return.**

**Each return must be signed and properly completed.**

### IMPORTANT

Make checks or money order payable to the D.C. TREASURER. To mail your return, use the labels in the back of this booklet or mail to: Government of the District of Columbia, P.O. Box 679, Ben Franklin Station, Washington, D.C. 20044-0679. Write your Federal Employer Identification Number, tax type (sales and use) and tax period on the face of your payment.

Payments also may be made in person at any D.C. branch of the First Union Bank.

**SUBSTITUTE RETURNS AND FORMS MUST BE APPROVED EACH YEAR BY THE OFFICE OF TAX AND REVENUE.**

