

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF TAX AND REVENUE



OTR Notice 2009-04

District of Columbia Sales and Use Tax Rate Increase

August 26, 2009

Sales and Use Tax Rate Increase

The District of Columbia general sales and use tax rate has been increased from 5.75 percent to 6 percent, effective October 1, 2009.

The special rates for sales of liquor for consumption off the premises (9 percent), prepaid telephone cards, rental or leasing of vehicles and certain utility trailers, food and beverages for immediate consumption (10 percent), parking (12 percent), other tobacco products (12 percent) and transient accommodations (14.5 percent) have NOT changed.

The excise tax on sales of motor vehicles has NOT changed.

Effective Date of the Rate Increase

The gross receipts from sales contracts entered in the District of Columbia prior to October 1, 2009 are taxable at the 5.75 percent rate. The sales tax applies on the date the sale is made, regardless of the time of payment or delivery. If the sale is made on or after October 1, 2009, it is taxed at 6 percent.

If the sale is made by a vendor located outside the District of Columbia, the tax on the purchase - the use tax - whether collected by the vendor or remitted by the purchaser is due at the 6 percent rate if possession is taken in the District on or after October 1, 2009.

Lease or Rental Payments

The tax due on rental or lease payments for rentals or leases of tangible personal property applies to each rental or lease period, regardless of the length of the lease or the date the lease agreement was signed. Payments for lease periods beginning on or after October 1, 2009, for leases of other than motor vehicles, are subject to the tax at the 6 percent rate.

Revised Sales and Use Tax Returns

The Office of Tax and Revenue (OTR) will mail taxpayers with monthly, quarterly and annual filing requirements revised sales and use tax returns for their use in filing returns through the end of calendar year 2009. Revised monthly and quarterly sales tax returns will reflect the new 6 percent tax rate for each period. Revised annual returns will provide separate lines for remitting the 5.75 percent tax rate on sales and purchases through September 30, 2009 and the 6 percent rate from October 1st through the end of the year.

The revised Sales and Use tax return will be available on the OTR Web site (www.taxpayerservicecenter.com) by November 1 for the October Sales and Use tax filing due November 20.

For additional information, please contact OTR's Customer Service Center at (202) 727-4TAX.