2023

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

New Rates Effective April 1, 2023 for transient lodgings and accommodations.

See "What's New" for details

MyTax.DC.gov

# 2023 FR-800M/Q/A

## SALES AND USE TAX
## MONTHLY/QUARTERLY/ANNUAL RETURN BOOKLET

October 1, 2022 - September 30, 2023

This return must be filed and paid electronically. This document is to provide instructions only.

FR-800MQA
V2.0
REV 03/2023

## What's New

- The sales and use tax on the gross receipts from the sale of or charges for transient lodgings and accommodations has been increased from 0.3% to 1.3% for the period of April 1, 2023 through March 31, 2027. The new total sales and use tax rate on such gross receipts is increased from 14.95% to 15.95%. See OTR TAX NOTICE 2023-01.

- For annual filers, Lines 7 and 16 now have two lines 7a/7b and 16a/16b to accommodate the two different rates for transient lodgings and accommodations.

**Reminders**

- The sales tax portion of the online form has been expanded to accommodate reporting Exempt/Resale Sales and Marketplace Facilitator Information.
    - Exempt/Resale Sales **must** be less than or equal to Gross Sales.
    - Marketplace Sales **must** be less than or equal to Gross Sales.
    - The sum of Exempt/Resale Sales **and** Marketplace Sales **must** be less than or equal to Gross Sales.
- The use tax portion of the online form has been expanded to accommodate reporting of transactions subject to 14.95% (or 15.95%) and 18%.
- The rate of tax shall be 8% of the gross receipts from the sale of or charges for soft drinks. The definition of "soft drink" is expanded to include beverages with natural or artificial sweeteners that contains less than 100 percent juice, less than 50 percent milk, soy, rice or similar milk substitutes or coffee, coffee substitutes, cocoa, or tea.(See D.C. Official Code 1803.02).)
- The sale of or the charge for diapers is exempt from sales and use tax. "Diaper" is defined by statute as "an absorbent incontinence product that is washable or disposable and worn by a person, regardless of age or sex, who cannot control bladder or bowel movements. (See D.C. Official Code 47-2005(39).)
- The use tax portion of the form has been expanded to accommodate reporting of transactions subject to the 8%, 10%, 10.25% use tax rates in addition to the 6%rate.
- Marketplace facilitators must register with OTR and collect and remit sales tax on all sales delivered in the District that the marketplace facilitator facilitates on behalf of marketplace sellers. All marketplace facilitators are required to file and pay on a monthly basis.
- All other new registrants will be required to file and pay on a quarterly basis.
- You must be registered and logged on via MyTax.DC.gov to file and pay the FR-800M/Q/A, Sales and Use Tax.All new entities starting business operations or promoting/vending at a special event in DC MUST register on MyTax.DC.gov using the new business registration process to access the FR-500B for business income (corporate or unincorporated franchise), Sales and Use, Withholding Wage or Non-Payroll, etc. Business accounts will not auto-register by filing a return or making a payment.
- Sales and Use Tax accounts are assigned a filing frequency. MyTax.DC.gov selects the correct FR-800 form when you log in to file a Sales and Use Tax return online.
- Amended and final returns must also be filed on MyTax.DC.gov starting with 2018 filing periods.

- Compliance Considerations:
    - Late payment penalty will be imposed on the first bill (full and timely payment of tax
    - Late filing penalty (timely filing of tax return)
    - Late payment penalty and interest on manual penalties considered 'Additions to Tax' (e.g., fraud, gross negligence)

# General Instructions
## Monthly/Quarterly/Annual Sales and Use Tax Return

## Who must file a Form FR-800M?

If you are a marketplace facilitator or a remote seller or if your sales and use tax liability is greater than or equal to $1201 per period, you must file a monthly return, FR-800M. On or before the 20th day of the month after the month being reported, every vendor, including a marketplace facilitator, who has made or facilitated any sale at retail, subject to tax under the provisions of District of Columbia (DC) Official Code §47-2001 et seq., during the preceding calendar month, shall file a return with the Office of Tax and Revenue (OTR). Such returns shall show the gross receipts of the vendor, including any facilitated sales, upon which the tax is computed; the amount of tax for which the vendor, including a marketplace facilitator, is liable; and such other information that is deemed necessary for the computation and collection of the tax.

## Who must file a Form FR-800Q?

If your sales and use tax liability is greater than or equal to $201 and less than or equal to $1200 per period, you must file a quarterly return, FR-800Q. On or before the 20th day of the month after the quarter being reported, every vendor who has made any sale at retail, subject tax under the provisions of District of Columbia (DC) Official Code §47-2001 et seq., during the preceding calendar quarter, shall file a return with the Office of Tax and Revenue (OTR). Such returns shall show the gross receipts for the quarter of the vendor upon which the tax is computed; the amount of tax for which the vendor is liable; and such other information that is deemed necessary for the computation and collection of the tax.

## Who must file a Form FR-800A?

If your sales and use tax liability is less than or equal to $200 per period, you must file an annual return, FR-800A. On or before the 20th day of October, every vendor who has made any sale at retail, subject to tax under the provisions of District of Columbia (DC) Official Code §47-2001 et seq., shall file a return with the Office of Tax and Revenue (OTR). Such returns shall show the total gross proceeds of the vendor for the year for which the return is filed; the gross receipts of the business of the vendor upon which the tax is computed; the amount of tax for which the vendor is liable and such other information that is deemed necessary for the computation and collection of the tax.

### Employer Use Tax Return Act of 2012

Any employer required to file a DC withholding tax return, who is not otherwise required to collect and remit sales tax, shall file an annual use tax return on or before October 20th of each year, remitting with such return the use taxes which are due.

### Engaging in business in the District

Engaging in business includes the selling, delivering or furnishing in the District, or any activity performed in the the District in connection with the selling, delivering or furnishing of tangible personal property, digital goods or taxable services sold at retail. This term includes, but is not limited to the following acts or methods of transacting business:

- Maintaining, occupying or using, permanently or temporarily, directly or indirectly, or through a subsidiary or agent, by whatever name called, of any office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business;
- Having a representative, agent, salesman, canvasser, or solicitor operating in the District for the purposes of making sales at retail or the taking of orders for such sales;
- Delivering tangible personal property or digital goods or performing taxable services through employees or independent contractors in the District; and
- For vendors that do not have a physical presence in the District, delivering tangible personal property or digital goods in the District if, in the previous calendar year or the current calendar year, the vendor had gross receipts from all retail sales delivered into the District that exceeds $100,000 or 200 or more separate retail sales delivered into the District.

The information provided is not all-inclusive. For specific information regarding District sales and use taxes, please refer to DC Official Code Sections 47-2001 et seq. and 47-2201 et seq. and to Chapter 9-4 of Title 9 of the DC Municipal Regulations.

## Imposition of sales tax

A vendor engaging in business in the District must collect sales tax from the purchaser on:

1. Sales of tangible personal property delivered in the District;
2. Sales of digital goods delivered in the District;
3. Sales of taxable services listed in DC Official Code §47-2001(n)(1);
4. Renting or leasing tangible personal property or digital goods used in the District;
5. Charges for rooms, lodging or accommodations located in the District that are furnished to transients;
6. Admissions to certain public events in the District; and
7. Charges for parking, storing or keeping motor vehicles or trailers in the District.

This is not an all inclusive list. For additional information, reference Title 47 Chapter 20 of the DC Official Code.

**Imposition of use tax**
A use tax is imposed on the use, storage, or consumption of taxable tangible personal property, digital goods or services in the District, unless the purchaser has paid a sales tax on the purchase of the taxable tangible personal property or service to the District, or another tax jurisdiction in the United States (US) or to a US territory. A vendor that did not resell goods purchased under a resale certificate is liable for use tax for those goods used as complimentary gifts. For additional information see DC Code §47-2201 et seq.

## Which other DC forms may sales and use taxpayers need to file?

**Combined Registration Application for Business DC Taxes/Fees/Assessments (FR-500)**
Before making taxable sales in the District of Columbia (the "District") you must file a Combined Registration Application for Business DC Taxes/Fees/Assessments (Form FR-500) with the OTR. There is no charge for registering. You may obtain the FR-500 from our website: MyTax.DC.gov

List on the FR-500 all locations in the District from which you will be making taxable sales or purchases subject to sales or use tax. The OTR will issue a Certificate of Registration for each location listed. Each location must display its own Certificate of Registration.

If you make taxable sales without a Certificate of Registration, you may be fined up to $50 for each day you do business in the District without a certificate.

**Special Event for Promoters (FR-500B)**
Promoters of special events must, before the event, inform vendors and exhibitors who are participating in the special event of their responsibilities to collect sales tax and pay it to the Office of Tax and Revenue (OTR). A special event promoter must submit a preliminary list of all the participating vendors and exhibitors, their addresses, representatives and telephone numbers via MyTax.DC.gov. This list is due at least 30 calendar days before the special event occurs. A final list is due no later than 10 calendar days after the last day of the special event unless previously submitted. Promoters who fail to adhere to the District's tax code § 47-2002.04 will be subject to penalties. For additional information please refer to OTR's Special Events page.

**Claim for Refund (FP-331)**
To claim a refund for a previous period, you must file a claim using Form FP-331, Claim for Refund via MyTax.DC.gov. If you need more information, please call (202) 759-1946 or visit MyTax.DC.gov.

## When are your taxes due?

Returns and payments are due by the 20th of the month following the end of the monthly, quarterly, or annual period. For annual filers, this is October 20th.

You must file your return and pay any tax due on or before the filing frequency.

If the due date falls on a Saturday, Sunday, or legal holiday, the return is due the next business day. You must file a return, even if you did not make any sales or no sales and use tax is due. Otherwise, you will receive a delinquency notice.

## Electronic payment options

If the amount of your payment due for a period exceeds $5,000, **you must pay electronically**.

Refer to the Electronic Funds Transfer (EFT) Payment Guide at MyTax.DC.gov for instructions for electronic payments. MyTax.DC.gov does not allow the use of foreign bank accounts.

Electronic Payment options are as follows:

- **ACH Debit.** ACH debit is used for taxpayers who have signed up for MyTax.DC.gov. There is no fee. Bank account information is stored within their online account. MyTax.DC.gov can store multiple bank accounts across multiple tax types. Taxpayers give the right to debit the money from their bank account. Ensure you allow 1-3 business days if entering change of banking information.
- **Credit/Debit Card.** The taxpayer may pay the amount owed using Visa®, MasterCard®, Discover® or American Express®. The taxpayer will be charged a fee that is paid directly to the District's credit card service provider. Payment is effective on the day it is charged.
- **ACH Credit.** ACH credit is for business taxpayers only. There is no fee charged by OTR, but the taxpayer's bank may charge a fee. The taxpayer directly credits OTR's bank account. A taxpayer does not need to be registered to use this payment type, and does not need access to the website. Note: When making ACH credit payments through your bank, use the correct tax type code (00350) and tax period ending date (YYMMDD).

**Note:** International ACH Transaction (IAT). Your payment cannot be drawn on a foreign account. You must pay by money order (US Dollars) or credit card instead.

**Dishonored Payments**
Ensure your check or electronic payment will clear. You will be charged a $65 fee if your check or electronic payment is not honored by your financial institution and returned to OTR.

## Penalties and interest

OTR will charge –

- A penalty of 5% per month if you fail to file a return or pay any tax due on time. It 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. It may not exceed an additional amount equal to 25% of the tax due;
- A 20% penalty on the portion of an underpayment of taxes if attributable to negligence. Negligence is failure to make a reasonable attempt to comply with the law or to exercise ordinary and reasonable care in preparing tax returns without the intent to defraud. One indication of negligence is failure to keep adequate books and records;
- Interest of 10% per year, compounded daily, on a late payment;
- A one-time fee to cover internal collection efforts on any unpaid balance. The collection fee assessed is 10% of the tax balance due after 90 days. Payments received by OTR on accounts are first applied to the collection fee, then to penalty, interest and tax owed;
- A civil fraud penalty of 75% of the underpayment which is attributable to fraud (see DC Official Code §47-4212).

## Criminal penalties

You will be penalized under the criminal provisions of the DC Official Code, Title 47 and any other applicable penal-ties. If you are required to file a return or report, or perform any act and you –

- Fail to file the return or report timely. If convicted, you will be fined not more than $1,000 or imprisoned for not more than 180 days, or both, for each failure or neglect;
- Willfully attempt to evade or defeat a tax; willfully fail to collect, account for, or pay a tax; or willfully make fraudulent or false statements.

Corporate officers may be held personally liable for the payment of taxes owed to DC.

## Enforcement actions

OTR may use lien, levy, seizure, collection agen-cies and liability offset if a taxpayer fails to pay the District within 20 days after receiving a Notice of Tax Due and a demand for payment. Visit MyTax.DC.gov.

## Special circumstances

### Amended returns

You can correct a previously filed return by filing an amended return. Select the "amended return" option and show the corrected figures.

### Final return

If you are not required to continue filing a return due to the ending of business operations, check the "final return" option. We will then cancel your filing requirement.

**If you are not going out of business, do not use this option to indicate the return is the final for the month, year, or quarter.**

### Change of Name, Address or Identification Number

For any name, address or identification number change, fill out the FR-COA, "Change of Name, Address or Identification Number," form found on the website and mail it to the:

Office of Tax and Revenue
PO Box 470
Washington, DC 20044-0470

Note: If you are requesting to change the business name, Articles of Amendment must accompany the form FR-800C.

## Getting started

**Account Number**
The account number must be the number that was provided by OTR when you registered. Omission of the account number will cause delays in processing your return. Taxpayers are responsible for providing their assigned OTR account number to their tax practitioner or persons that are completing the sales and use tax return.

**Taxpayer Identification Number(s) (TIN)**
You must have a TIN, whether it is a Federal Employer Identification Number (FEIN), Social Security Number (SSN), Individual Taxpayer Identification Number (ITIN) or Preparer Tax Identification Number (PTIN).

- **An FEIN is a valid number issued by the Internal Revenue Service.** To apply for an FEIN, get Form SS-4, Application for Employer Identification Number, or get this form online at www.irs.gov/businesses and click on Employer Identification Number (EIN) under Starting a Business. You may also get this form by calling 1-800-TAX-FORM (1-800-829-3676);

- **An SSN is a valid number issued by the Social Security Administration (SSA) of the United States Government.** To apply for an SSN, get Form SS-5, Application for a Social Secu-rity Card, from your local SSA office or online at www.ssa.gov. You may also get this form by calling 1-800-772-1213;

- **An ITIN, Individual Taxpayer Identification Number is a valid number issued by the IRS.** The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a SSN from the SSA. ITINs do not serve any purpose other than federal tax reporting.

- **An PTIN, Preparer Tax Identification Number is an identification number issued by the IRS** that all paid tax preparers must use on tax returns or claims for refund.

You must wait until you receive either number before you file a DC return. Your return may be rejected if your TIN is missing, incorrect or invalid.

**Help us identify your forms and attachments**

Write your TIN, tax form number, tax period, business name and address on any statements submitted to OTR. The TIN is used for tax administration purposes only.

**Incomplete entries will delay processing**
Complete all applicable sales and use Lines 1 through 21 on the FR-800M/Q/A, otherwise processing your return will be delayed.

Sales and use licensees must file a return even if no sales were made or no tax or fees are due. Complete the identification section and then place a zero in the Total Amount Due line.

**Calculation of the use tax**

Multiply the purchase price of the taxable tangible personal property or taxable service by the applicable use tax rate.

**Purchases subject to the use tax**

For purchases subject to sales tax on which a sales tax has not been paid to the District or another jurisdiction in the US or to a US territory, see the applicable 6%, 8%, 10%, or 10.25% rates.

**Rules for reporting use tax**

You must report the cost of all personal property and taxable services used or consumed by you in DC on which sales tax has not been paid to any state. This includes the costs of items purchased under a DC Certificate of Resale (OTR-368) and withdrawn from stock for personal use or for use in the conduct of your business.

**Exempt and/or nontaxable use tax**
The use tax exemption is the same as the sales tax exemption. Also exempt are purchases on which a sales tax has been paid to the District, or another tax jurisdiction in the US or a US territory.

**Calculation of sales tax**

Sales tax is calculated by multiplying the sales price of a taxable item by the applicable rate.

The tax is based on the sales price. Sales price is the total amount paid by a purchaser to a vendor for a taxable item without deducting the cost of the item sold. Sales price does not include: (1) cash discounts allowed and taken on sales; (2) separately stated initial installation charges; and (3) sales tax collected by the vendor from the purchaser.

**Rules for reporting sales tax**

You must calculate tax on the actual selling price. Report cash, credit and charged sales, including conditional sales, for each period each sale took place, even if you have not collected part of the sales price.

Do not deduct:

- Refunds you issued for previously reported sales. See Claim for Refund of Sales and Use Tax (FP-331) for detailed instructions on how to claim overpayments visit MyTax.DC.gov
- Amounts for any sale of property that was later repossessed.

You may deduct bad debts. Subsequent collections of deducted bad debts must be reported in full in the period you collected them. Expenses incurred in collecting bad debts are not deductible on your sales tax form. They may be deductible on your business franchise tax forms D-20 or D-30. See Title 9 of the DC Municipal Regulations available for purchase from: Office of Documents and Administrative Issuances, 441 4th Street, NW #520S, Washington, DC 20001-2714.

**Exempt and/or nontaxable sales**

- Sales to the US or the DC Government or any of their instrumentalities thereof, except sales to national banks and federal savings and loan associations;
- Sales to a state, territory or possession of the US or their political subdivisions, if they grant a similar exception to the District;
- Sales to foreign embassies and diplomats provided the purchaser presents the seller with an exemption card issued by the US State Department. Note that the Department of State began issuing new tax exempt cards with symbols to indicate the type of items that would be exempt for individuals using these cards;
- Sales to diplomats of the Taipei Economic and Cultural Representative's Office in the US provided the purchaser presents the seller with an exemption card issued by the American Institute in Taiwan;
- In accordance with international law, the Foreign Missions Act (22 USC 4301-4316 as amended), and subject to reciprocity, such cards are used to authorize the exemption from sales, occupancy, restaurant/meal, and other similar taxes, on the official and personal purchases of foreign diplomatic and consular missions and their members of the US. The Department of State issues Diplomatic Tax Exemption Cards identifying the items that are exempt for the holder of the card;
- Sales to organizations exempted from the payment of sales tax by federal statute or treaty;
- Sales of natural or artificial gas, oil, electricity, solid fuel or steam, used directly in processing or refining, manufacturing or assembling, if the purchaser presents the seller with a specific exemption certificate;
- Sales of property which the purchaser acquires for resale in the same form as when acquired, or to be incorporated as a material part of a product to be produced by processing or refining, manufacturing or assembling, if the purchaser presents the seller with a DC Certificate of Resale (OTR-368)
- Certain sales to a public utility or telecommunications company;
- Sales of insurance, professional or personal service transactions which involve sales of tangible personal property as inconsequential elements for which no separate charges are made;
- Sales of transportation and communication services other than data processing services, information services, commercial local telephone services and selected telecommunications services;
- Sales of motor vehicle and trailers subject to the provisions of Title III of the District of Columbia Revenue Act of 1949;
- Sales of medicines, drugs, and pharmaceuticals;
- Sales of feminine hygiene products;
- Sales of diapers or other absorbent incontinence products that can be worn;
- Sales of food or beverages on a train, airline or other form of transportation operating in interstate commerce;
- Casual and isolated sales, except that sales by churches, religious, scientific, educational, social, fraternal, benevolent and other organizations and institutions of the same nature are not considered to be casual and isolated sales;
- Sales to semi-public institutions, if the semi-public institution presents the seller with a DC Certificate of Exemption (FR-551);
- Charges for printing a newspaper that is distributed free of charge in the District, if the purchaser pres-ents a seller with a DC Free Newspaper Certificate of Exemption (Form FR-554);
- Sales of food and drink (including snack food), not including food or drink prepared for immediate consumption or soft drinks, or food or drink sold through vending machines;
- Charges for postage, provided the charges are stated separately;
- Sales which, under the US Constitution, may not be taxed by a State;
- Sales of residential public utility services and com-modities by a gas, electric, or telephone company, and sales of residential heating oil by any person;

- Sales of residential cable television services and commodities by a cable television company;
- Access to the Internet
- Sales delivered to a purchaser outside DC.

For additional exempt sales, please refer to DC Official Code Sections 47-2005 and 47-2001.

**Note:** Charitable organizations must pay sales tax on taxable items purchased that are not for purposes of maintaining, operating or conducting the activities of the organization. Charitable organizations must also collect sales tax if they are regularly engaged in making retail sales.

## Digital Goods Definitions

"Digital goods" means digital audiovisual works, digital audio works, digital books, digital codes, digital applications and games, and any other otherwise taxable tangible personal property electronically or digitally delivered, whether electronically or digitally delivered, streamed, or accessed and whether purchased singly, by subscription, or in any other manner, including maintenance, updates, and support. The term "digital goods" does not include cable television service, satellite relay television service, or any other distribution of television, video, or radio service subject to tax under §47-2501.01.

"Digital audiovisual works" means a series of related images that, when shown in succession, impart an impression of motion, together with accompanying sounds. "Digital audiovisual works" includes motion pictures, musical, videos, news and entertainment programs, and live events.

"Digital audio works" means works that result from the fixation of a series of musical, spoken, or other sounds that are transferred electronically, including prerecorded or live songs, music, readings of books or other written materials, speeches, ringtones, or other sound recording.

"Digital books" means works that are generally recognized in the ordinary and usual sense as books that are transferred electronically, including works of fiction, nonfiction, and short stories.

"Digital code" means a code that provides the person that holds the code a right to obtain an additional digital good, a digital audiovisual work, digital audio work, or digital book that may be obtained by any means, including tangible forms and electronic mail, regardless of whether the code is designated as song code, video code, or book code. The term "digital code" includes codes used to access or obtain any specified digital goods, or any additional digital goods that have been previously purchased, and promotion cards or codes that are purchased by a retailer or other business entity for use by the retailer's or entity's customers.

"Digital applications and games" mean any application or game, including add-ons or additional content that can be used by a computer, mobile device, or tablet notwithstanding the function performed.

## Internet Sales Tax Definitions

"Marketplace" means a physical or electronic place, including a store, a booth, an Internet web site, a catalogue, or a dedicated sales software application, where a retail sale, as defined occurs.

"Marketplace facilitator" means a person that provides a marketplace that lists, advertises, stores, or processes orders for retail sales subject to tax under this chapter for sale by such marketplace sellers, and directly or indirectly collects payment from a purchaser and remits payment to a marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

"Marketplace seller" means a person that makes retail sales through a marketplace operated by a marketplace facilitator."

## Sales tax rates and fees

**A 6.0% rate** generally applies to sales of certain tangible personal property and selected services delivered in DC such as:

- Sales of or charges for all tangible personal property, all digital goods and certain taxable services delivered in the District unless expressly subject to a different rate. Examples of sales and charges subject to the 6.0% rate include, but are not limited to -
- Rentals or leases of tangible personal property, except rentals of textiles to residential users;
- Sales of newspapers and publications;
- Sales of food or drinks sold through vending machines;
- Sales of certain services: real property maintenance, landscaping, employment, personnel placement, data processing, information, production, fabrication/ print- ing, repairs/alterations of tangible personal property, copying, photocopying, duplicating, or mailing, deliv- ery and laundering, dry cleaning, or pressing, unless the service is performed by coin-operated equipment;
- 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. These services are exempt from sales tax if charges to the end-user are subject to the DC gross receipts tax or the toll telecommunication tax; •
- Charges for admission to certain public events;
- Sales of local telephone service, gas, oil and electricity for commercial use;
- Sales of solid fuel or steam;
- Sales by a bottled water delivery service of bottled water by the gallon generally for use with and to be dispensed from a water cooler or similar type of water dispenser.
- Sales of or charges for the service of the storage of household goods through renting or leasing space for self-storage, including rooms, compartments, lockers, containers, or

outdoor space, except general merchandise warehousing and storage and coin-operated lockers.

- Sales of or charges for the service of carpet and upholstery cleaning, including the cleaning or dyeing of used rugs, carpets, or upholstery, or for rug repair;
- The sale of or charge for health-club services or a tanning studio.
- The sale of or charge for the service of car washing, including cleaning, washing, waxing, polishing, or detailing an automotive vehicle, except not for coin-operated self-service carwashes.
- The sale of or charge for the service of a bowling alley or a billiard parlor.
- The sales or charges for armored care services or security services.
- Gross receipts from sales contracts 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, and before October 1, 2013, it is taxed at 6%. If the sale is made on or after October 1, 2013, and before October 1, 2018, it is taxed at 5.75%. If the sale is made on or after October 1, 2018, it is taxed at 6%. If the sale is made by a vendor located outside DC, the tax on the purchase—the use tax - whether collected by the vendor or remitted by the purchaser is due at the 6% rate if possession is taken in the District on or after October 1, 2009 and before October 1, 2013. The use tax rate is 5.75%on or after October 1, 2013 and before October 1, 2018. On or after October 1, 2018 the use tax rate is 6%;
- 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 and before October 1, 2013, for leases other than motor vehicles, are subject to the 6% rate. On or after October 1, 2013 and before October 1, 2018, the rate is 5.75%. On or after October 1, 2018 the rate is 6%.

**An 8% rate** applies to sales of soft drinks. "Soft drink" means a non-alcoholic beverage with natural or artificial sweeteners. The term "soft drink" shall not include a beverage that:

1. Contains:
   a) At least 50% milk including soy, rice or similar milk substitutes; or
   b) 100% fruit or vegetable juice.
2. Is prepared for immediate consumption, as defined in subsection (g-1) of Section 47-2001 of the DC Official Code.

**A 10% rate** applies to

- All sales of food and drink served or prepared for immediate consumption or sold in or by restaurants, lunch counters, cafeterias, hotels, caterers, boarding houses, carry-out shops and similar places of business. This includes food or drink in a heated state, cold drinks, including soft drinks, dispensed on a self-service basis into a container, and frozen yogurt, ice cream, ice milk or sherbet sold in quantities of less than one pint;
- Alcoholic beverages for off-premises consumption made by specific ABRA license holders; and
- Sales of prepaid telephone calling cards.

**A 10.25% rate** applies to sales of alcoholic beverages sold for consumption off premises.

**A 10.25% rate** applies to rentals of motor vehicles and utility trailers, except those registered for commercial purposes.

**A 14.95% (or 15.95% after April 1, 2023) rate** applies to charges for rooms, lodgings, or accommodations furnished to transients.

**Procedure for remittance of hotel taxes by online vendors.**

A room re-marketer is a vendor only with respect to additional charges, and shall file returns and remit tax with respect to such additional charges only. The room re-marketer shall also collect the tax imposed by Title 47 Chapter 20 and Title 47 Chapter 22 of the DC Official Code with respect to net charges and shall remit the tax to the operator of the hotel, inn, tourist cabin, or any other place in which rooms, lodgings, or accommoda-tions are regularly furnished to transients for consideration.

"Additional charges" means the excess of the gross sale or charge receipts received by a room re-marketer over the net charges.

"Net charges" means the gross receipts from the sale of or charges for any room or accommodations received by the accommodations operator from a room re-marketer.

**An 18% rate** applies to parking, storing or keeping motor vehicles or trailers.

## Specific Line Instructions

### Sales Tax

**Line Instructions**
Each of Lines 1-8 are used to report specific types of taxable sales, each of which is assigned its own tax rate. The columns for each line are used to report gross sales, exemptions, marketplace sales, credit for tax refunded to purchaser, and to calculate the sales tax due. Consult the line instructions and the column instructions for specifics. For each line, fill in the appropriate columns to calculate tax due.

**Line 1 General:** Report the gross sales, exempt/resale sales, marketplace sales, and credit for tax refunded to purchaser for sales subject to the general sales tax rate of 6%.

**Line 2: Soft drinks not for immediate consumption:** Report the gross sales, exempt/resale sales, marketplace sales, and credit for tax refunded to purchaser for sales of soft drinks not for immediate consumption, subject to the sales tax rate of 8%.

**Line 3: Food and drink for immediate consumption:** Report the gross sales, exempt/resale sales, marketplace sales, and credit for tax refunded to purchaser for sales of food and drink for immediate consumption, and alcoholic beverages for off-premises consumption made by specific ABRA license holders, subject to the sales tax rate of 10%.

**Line 4: Prepaid telephone calling cards:** Report the gross sales, exempt/resale sales, marketplace sales, and credit for tax refunded to purchaser for sales of prepaid telephone calling cards, subject to the sales tax rate of 10%.

**Line 5: Alcoholic beverages for off-premises consumption:** Report the gross sales, exempt/resale sales, marketplace sales, and credit for tax refunded to purchaser for sales of alcoholic beverages for off-premises consumption, subject to the sales tax rate of 10.25%.

**Line 6: Rental vehicles:** Report the gross sales, exempt/ resale sales, marketplace sales, and credit for tax refunded to purchaser for sales of rental vehicles, subject to the sales tax rate of 10.25%.

**Line 7: Hotel and short-term lodging:** Report the gross sales, exempt/resale sales, marketplace sales, and credit for tax refunded to purchaser for sales of hotel and short-term lodging, subject to the sales tax rate of 14.95% (or 15.95% after March 31, 2023).

**Note: For annual filers only - the return will contain Line 7a to report hotel and short-term lodging sales at the sales tax rate of 14.95% before April 1. 2023; and Line 7b to report hotel and short-term lodging sales at the sales tax rate of 15.95% after March 31, 2023.**

**Line 8: Parking:** Report the gross sales, exempt/resale sales, marketplace sales, and credit for tax refunded to purchaser for sales of parking, subject to the sales tax rate of 18%.

**Line 9: Total Sales Tax:** This line automatically calculates the totals from Lines 1-8.

**Column Instructions**

**Gross Sales:** Enter your total gross sales (taxable and nontaxable) for the reporting period that correspond to the sales type listed on each Line. Report all sales (in any manner) related to District business. You will deduct current period nontaxable transactions in the next columns. Marketplace facilitators use this column to report all taxable sales made on their platform on behalf of marketplace sellers.

**Less Exempt/Resale Sales:** Enter your total sales to other sellers who submitted resale certificates to you for their purchases or that are otherwise exempt from tax under District law.

**Less Marketplace Sales:** Enter your total sales made through a marketplace facilitator where the marketplace facilitator has collected and remitted tax on your behalf.

"Marketplace facilitator" means a person that provides a marketplace that lists, advertises, stores, or processes orders for retail sales subject to tax under this chapter for sale by such marketplace sellers, and directly or indirectly collects payment from a purchaser and remits payment to a marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

**Total Taxable Sales:** Automatically calculates to Gross Sales less Exempt/Resale and Marketplace Sales.

**Tax Rate:** Tax rate for relevant line.

**Gross Tax Due:** Automatically calculates to Total Taxable Sales times the Tax Rate.

**Credit from Tax Refunded to Purchaser:** Enter the amount of tax that has been refunded to the customer for a returned purchase. This amount may not exceed the Gross Tax Due amount.

**Tax Due:** Automatically calculates to Gross Tax Due minus Credit from Tax Refunded to Purchaser.

### Use Tax

**General Instructions**
Each of Lines 10-17 are used to report use tax on taxable items or services you used in DC for the period being reported and on which you have not paid a sales tax to any state. A vendor who did not resell goods purchased under a resale certificate is liable for use tax for those goods used as complimentary gifts.

The columns are used to calculate the sales tax due from the tax rate for each line. Consult the line instructions and the column instructions for specifics. For each Line, fill in all columns to calculate tax due.

**Line Instructions**

**Line 10: Purchases and rentals (General):** tax owed on your total purchase subject to the general use tax rate of 6%.

**Line 11: Purchases of soft drinks not for immediate consumption:** Report the tax owed on your total purchases of soft drinks not for immediate consumption, subject to the use tax rate of 8%.

**Line 12: Purchases of food for immediate consumption:** Report the tax owed on your total purchases of food and drink for immediate consumption, subject to the use tax rate of 10%.

**Line 13: Purchases of prepaid telephone calling cards:** Report the tax owed on your total purchases of prepaid telephone calling cards, subject to the use tax rate of 10%.

**Line 14: Purchases of alcohol for consumption off-premises:** Report the tax owed on your total purchases of alcoholic beverages for off-premises consumption, subject to the use tax rate of 10.25%.

**Line 15: Rentals of vehicles:** Report the tax owed on your total purchases of rental vehicles, subject to the use tax rate of 10.25%.

**Line 16: Purchases and rental of hotel or short-term lodging accommodations:** Report the tax owed on your total purchases of hotel and short-term lodging, subject to the use tax rate of 14.95% (or 15.95% after March 31, 2023).

**Note: For annual filers only - the return will contain Line 16a to report the tax owed on purchases of hotel and short-term lodging at the use tax rate of 14.95% before April 1, 2023; and Line 16b to report the tax owed on purchases of hotel and short-term lodging at the use tax rate of 15.95% after March 31, 2023.**

**Line 17: Purchases and rentals on parking:** Report the tax owed on your total purchases of parking, subject to the use tax rate of 18%.

**Line 18: Total Use Tax:** This line automatically calculates the totals from Lines 1-8.

**Column Instructions**

**Gross Purchases:** Enter your total taxable and nontaxable purchases for the reporting period that correspond to purchases type listed on each line. Report all purchases (in any manner) related to District business.

**Tax Rate:** Tax rate for relevant line.

**Tax Due:** Automatically calculates to Total Taxable Sales times Tax Rate.

**Other Taxes/Fees**

**Line 19 (Less 2% of 911 sales receipts less 3% discount):** Report the 2% fee of the sales price of prepaid wireless telecommunication services. This charge is in telecommunication retail transactions and must be separately stated on the invoice, receipt or other similar document given to the customer.

The prepaid wireless 911 charge is the liability of the consumer, but the seller is liable for remitting the prepaid wireless 911 charges collected to OTR. The seller is entitled to retain 3% of the total prepaid wireless 911 charges collected.

The charge will not apply to:
• The purchase of wireless telecommunication services which are made for purposes of being resold; and
• An amount of service of 10 minutes or less, or valued at $5 or less when the service is sold with a prepaid wireless device for a single, non-itemized price.

Use the worksheet to determine the amount to be entered on Line 19. Multiply the 911 prepaid wireless telecommunications sales receipts by 2% for the period being reported. Multiply the result by 3% and then subtract the 3% discount to get the net charges to be submitted to OTR.

**Prepaid Wireless Telecommunications Worksheet**

| | | |
|---|---|---|
| a | Enter the amount of sales on 911 prepaid wireless telecommunication services for the period being reported. | |
| b | Multiply the amount by .02 | X .02 |
| c | Enter the result here | |
| d | Multiply the amount on Line c by .03 | X .03 |
| e | Enter the result here. This is the 3% discount you retain. | |
| f | Net Charges<br>Subtract Line e from Line c.<br>Enter this amount on Line 19 of the form. | |

**Line 20 (Disposable Bag Carryout Fee, net of discount):** Report total bag fee collected, less discount. The Anacostia River Cleanup and Protection Act of 2009 (also known as the District's Bag Law) requires all District businesses that sell food or alcohol to charge a $.05 fee for every disposable paper or plastic carryout bag provided to customers. Businesses retain $0.01 (or $0.02 if the business offers a rebate when customers bring their own bag).

To calculate your business' net bag fee, tally the number of bags sold by reviewing your customer receipts or your electronic sales management system. For instance, if your business sell 1,000 bags, your business should remit $40 (1000 bags x $0.04 = $40) or $30 if your business has a carryout bag credit program that offers a $0.05 credit to customers who bring their own bags (1000 bags x $0.03 = $30). Please note that the amounts retained by a business are not considered revenue and are tax exempt.

The District Department of the Environment is auditing businesses for bag fee compliance and assessing penalties where appropriate. If you are unclear about how to remit fees, please contact DDOE at 202-645-6988. For more information on the District's Bag Law, please visit: green. dc.gov/bags.

**Line 21: Total amount due:** Sum of Lines 9, 18, 19 and 20.