

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



December 19, 2018

**OTR NOTICE 2018-04**

**SALES AND USE TAX RATE INCREASE.**

The following District of Columbia sales and use tax rates have changed effective October 1, 2018:

- The general sales and use tax rate have been increased from 5.75 percent to 6 percent
- The special rates for sales of liquor for consumption off the premises and the rental or lease of vehicles and certain utility trailers has been increased from 10 percent to 10.25 percent, and
- The tax on transient accommodations has been increased from 14.80 percent to 14.95 percent.

The special rates for sales of food and beverages for immediate consumption (10 percent) and parking (18 percent) have NOT changed. The excise tax on sales of motor vehicles has NOT changed.

**Effective Date of the Rate Increase**

For contracts for sales at retail that were made and fully paid before October 1, 2018, the sales rate that applies to those transactions remains 5.75 percent even if the tangible personal property or taxable service is delivered on or after October 1. For contracts that were made before October 1, 2018, but were not fully paid by that date, the sales and use tax rate that applies to payments received on or after October 1, 2018 will be 6.0 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, 2018.

**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, 2018 are taxed at the following rates:

- 10.25 percent for rentals or leases of motor vehicles, and
- 6 percent for all other rentals or leases of tangible personal property.

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**What do I do if I have questions?**

If you have questions, please contact OTR's Customer Service Center at (202) 727- 4TAX (727-4829) or OTR's e-Services Unit at [e-services.otr@dc.gov](mailto:e-services.otr@dc.gov) or call (202) 759-1946.