

# **FR-399 Qualified High Technology Companies**

## What's New

### New Worksheets:

- FP-333, Tax Credit for Wages Paid to Qualified Employees
- FP-334, Tax Credit for Wages Paid to Qualified Disadvantaged Employees

Effective November 1, 2017, the following forms/worksheets will be electronic only and can be found on [MyTax.DC.gov](http://MyTax.DC.gov):

- FP-331, Claim for Refund (Sales and Use Tax)
- FP-337, QHTC Exempt Purchase Certificate
- OTR-368, Certificate of Resale

NOTE: These will be discontinued in the FR-399 Qualified High Technology Companies publication.

### QHTC Sales and Use Tax Exemption

Beginning November 1, 2017, a new online QHTC sales and use tax exemption certification (QHTC-CERT) application process will go live for **sales and use tax accounts**. The taxpayer will be required to complete an online application and attach specified documentation in support of the request for certification. Visit [MyTax.DC.gov](http://MyTax.DC.gov) for more information.

QHTC Exempt Purchase Certificates will be issued when the annual QHTC-CERT is completed on [MyTax.DC.gov](http://MyTax.DC.gov) and reviewed by the Office of Tax and Revenue (OTR). The QHTC-CERT must be filed annually in order to obtain a QHTC Exempt Purchase Certificate. QHTC Exempt Purchase Certificate is valid for one year and will expire January 31, 2019 for sales and use. As of January 31, 2018, any previously held QHTC Exempt Purchase Certificates will no longer be valid.

'Mobile Responsive Features' will allow you to request a sales tax refund, file and pay sales tax, completion of exemption to file, and many other options using your phone, tablet or other mobile device.

# QUALIFIED HIGH TECHNOLOGY COMPANIES TAX BENEFITS

The New E-Conomy Transformation Act of 2000 (the Act) granted certain tax benefits to DC Qualified High Technology Companies for tax years beginning after December 31, 2000.

The Qualified High Technology Clarification Act of 2014 (Title VII, Subtitle R of FY15 Budget Support Act of 2014, A20-750), has made several changes in the qualification requirements and clarification of certain provisions which will be applicable for the tax years beginning after 12/31/2014. You are advised to consult the new law to determine the impact on your company.

This FR-399 revision applies to tax years beginning after 12/31/2016.

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

- a) Is an individual or entity organized for profit;
- b) Leases or owns an office in the District of Columbia (DC);
- c) Has 2 or more qualified employees in the District;
- d) Derives at least 51% of its gross revenues earned in the District from one or more of certain “permitted” activities\* (DC Code §47-1817.01(5)(A)(iii)); and
- e) Is registered with the DC Government as a business in DC.

## **A Qualified High Technology Company (QHTC) does not include –**

- a) An individual or entity that derives 51% or more of its gross revenues from the operation in the District of:
  - (i) An online or brick and mortar retail store;
  - (ii) An electronic equipment facility that is primarily occupied, or intended to be occupied, by electronic and computer equipment that provides electronic data switching, transmission, or telecommunication functions between computers, both inside and outside the facility;
  - (iii) A building or construction company;
- b) A professional athletic team, as defined in DC Code §47-2002.05(a)(3); or
- c) A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12.

If the accounting method used does not readily permit the verification of revenue for use in determining the status of a corporation as a QHTC, the corporation may petition for, or the Chief Financial Officer may use a cost of performance method described in DC Code §47-1817.01a(b).

## **Permitted 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.

\*(See pages 27 and 28 for an expanded list of permitted activities.)

## **TAX BENEFITS - Incorporated QHTCs**

The various DC tax credits and other tax benefits available to incorporated QHTC are –

Tax Credits for:

- Costs of retraining qualified disadvantaged employees;
- Wages paid to qualified disadvantaged employees;
- Wages paid to qualified employees; and
- Payments for or reimbursements of employee relocation costs.

Other DC Tax Benefits:

- Exemption from sales tax for sales by QHTCs of intangible property or services; See DC Code §47-2001(n)(2)(G);
- Reduction of the corporate franchise tax rate;
- Partial exemption from the personal property tax;
- Exemption for 5 years, on or after January 1, 2012, from the DC corporate QHTC franchise tax, or \$15 million, whichever occurs first;
- Deduction for Internal Revenue Code (IRC) section 179 expenses (up to \$40,000);
- Reduction in real property tax for qualified leasehold improvements made by, or for, a QHTC tenant;
- Rollover (deferral) of certain capital gains.

## **TAX BENEFITS - Unincorporated QHTCs**

The tax benefits available to unincorporated QHTC are –

- Exemption from sales tax for sales by QHTCs of intangible property or services; See DC Code §47-2001(n)(2)(G);
- Partial exemption from the personal property tax;
- Deduction for Internal Revenue Code (IRC) section 179 expenses (up to \$40,000);
- Reduction in real property tax for qualified leasehold improvements made by, or for, a QHTC tenant.

## **Claiming QHTC Tax Benefits**

To be eligible to claim a tax credit or any of the other tax benefits available under the Act you must attach a QHTC-CERT form to the appropriate DC tax form: D-20; D-65; D-40; or FP-31. The QHTC-CERT form is a certification that you meet all of the conditions required of a QHTC. If the certification is not made

in good faith a penalty may be imposed. Incorporated QHTCs must complete the D-20, including the QHTC Tax, Exemption and Credits Schedule on page 4 of the D-20, and submit the Certification of Gross Revenue Worksheet from page 11 of the FR-399 Instruction booklet.

**Note: If the QHTC-CERT is not attached, and except for the D-40, if the QHTC oval on the filed return is not filled in, QHTC status will not be recognized.**

#### **TAX CREDITS AVAILABLE TO INCORPORATED QHTCs**

##### **I. Retraining Costs for Qualified Disadvantaged Employees (refundable credit - corporations only) DC Code §47-1817.04**

###### **A Qualified Disadvantaged Employee is:**

- a) A DC resident and
- b) A recipient of Temporary Assistance for Needy Families (TANF); or
- c) A recipient of TANF in the period immediately preceding employment; or
- d) A person released from incarceration within twenty four months before the date of employment by a QHTC; or
- e) An employee hired, or relocated to DC, after December 31, 2000, and for whom a QHTC is eligible to claim the Welfare to Work Tax Credit or the Work Opportunity Tax Credit under IRC sec. 51.

###### **The term “qualified disadvantaged employee” does not include:**

- a) A temporary or seasonal employee; or
- b) An employee employed as the result of:
  - 1) The displacement of another employee;
  - 2) A strike or lockout;
  - 3) A layoff in which other employees are awaiting recall;
  - 4) A reduction of the regular wages, benefits, or rights granted to other employees in similar jobs; or
  - 5) A key employee.

#### **Retraining Expenses**

For years beginning after December 31, 2000, a QHTC may claim a credit against its DC corporate QHTC franchise tax for expenses it paid or incurred during the taxable year for retraining qualified disadvantaged employees. This dollar limited credit may be taken as a refundable credit for up to 50 percent of any unused portion in the year incurred or it may be carried forward for 10 years. For corporate filers this and other QHTC credits are taken on a Form D-20CR filed with the Form D-20 and the Form QHTC-CERT.

###### **Expenditures eligible for tax credit and paid by a QHTC to retain a qualified disadvantaged employee are:**

- a) Tuition, costs, or fees for credit or noncredit courses leading to academic degrees or certification of professional, technical, or administrative skills taken at a District-based, accredited college or university;
- b) The cost of formally enrolling in training programs offered by non-profit training providers (including community or faith-based organizations) certified for providing training, or job-readiness preparation at skill levels suitable for immediate performance of entry-level jobs that are pre-qualified by the DC Department of Employment Services

and which are in demand among technology companies in general;

- c) Eligible training programs, other than those at a District-based accredited college or university, which are pre-qualified by the DC Department of Employment Services;
- d) Worker retraining programs taken through an apprenticeship agreement approved by the DC Apprenticeship Council.

#### **Limitations on the retraining tax credit**

The retraining credit is limited to \$20,000 for each qualified disadvantaged employee during the first 18 months of employment. If the amount of this credit exceeds the tax otherwise due from a QHTC, the unused amount of the credit may be carried forward but not beyond the tenth year following the first year the taxpayer files a return claiming the credit. The QHTC may also elect to take a refundable credit in an amount equal to fifty percent of the unused credit with no carryover to subsequent years.

##### **II. Wages Paid to Qualified Disadvantaged Employees**

A corporate QHTC is allowed a credit against its DC corporate QHTC franchise tax equal to fifty percent of the wages paid to a qualified disadvantaged employee, during the first 24 calendar months of employment. DC Code §47-1817.05

This credit will not be allowed if:

- a) the QHTC grants the qualified employee lesser benefits or rights than it grants other employees in similar jobs; or
- b) the qualified employee was employed as the result of:
  - 1) The displacement of another employee;
  - 2) A strike or lockout;
  - 3) A layoff in which other employees are awaiting recall;
  - 4) A reduction of the regular wages, benefits, or rights of other employees in similar jobs; or
  - 5) The employee is a key employee.

#### **Limitations on the credit for wages paid to qualified disadvantaged employees**

The credit is limited to \$15,000 per year for each qualified disadvantaged employee.

If the amount of the wages credit exceeds the DC corporate QHTC franchise tax due from a QHTC, the unused credit may be carried forward but not beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

##### **III. Wages Paid to Qualified Employees**

For taxable years beginning after December 31, 2000, a corporate QHTC may claim a credit against its DC corporate QHTC franchise tax in an amount equal to ten percent of the wages paid to a qualified employee hired in the District after December 31, 2000 and employed by it in DC in any of the listed permitted activities. DC Code §47-1817.03

The credit will not be allowed if:

- a) The QHTC grants the qualified employee lesser benefits or rights than it grants other employees in similar jobs; or
- b) The qualified employee in the District was employed as

the result of:

- 1) The displacement of another employee;
- 2) A strike or lockout;
- 3) A layoff in which other employees are awaiting recall;
- 4) A reduction of the regular wages, benefits, or rights granted to other employees in similar jobs; or
- 5) The employee is a key employee.

#### **Limitations on the tax credit for wages paid to qualified employees**

The wages must be paid during the first 24 calendar months of employment.

If the amount of the credit exceeds the DC corporate QHTC franchise tax due from the QHTC the unused amount may be carried forward but not beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

The credit may not exceed \$5,000 in a taxable year for each qualified employee.

#### **IV. Relocation Costs**

For taxable years beginning after December 31, 2000, a corporate QHTC may claim a credit against its DC corporate QHTC franchise tax for each dollar reimbursed to or paid on behalf of each qualified employee for the cost of relocating the employee to DC. This credit is not available if the relocation costs are claimed as a deduction by the corporation. DC Code §47-1817.02

#### **Qualified Employee**

A qualified employee is a person employed in DC by a QHTC for 35 hours or more per week in any of the permitted activities.

The relocation credit is not allowed:

- a) Until the QHTC relocates at least two qualified employees from employment outside DC to employment in DC;
- b) Until the QHTC has employed the qualified employee for at least six months in DC in a permitted activity;
- c) If the qualified employee works less than 35 hours per week;
- d) If the QHTC has claimed a deduction for the relocation costs; or
- e) If the employee is a Key Employee.

If the amount of the relocation credit allowable exceeds the DC corporate QHTC franchise tax otherwise due from a QHTC, the unused amount of the credit may be carried forward but not beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

#### **Which Relocation Costs Qualify?**

Qualifying relocation costs include amounts paid by a corporate QHTC to a qualified employee for reimbursement of:

- a) Moving expenses as defined in IRC section 217(b)(1); and
- b) Financial assistance in purchasing a residence, in paying a security deposit or in procuring a one-year lease for a residence in DC. The commencement date

of the employee's move or financial assistance must be after December 31, 2000. Only costs related to one relocation per qualified employee are allowed.

#### **Limitations on the tax credit for relocation costs**

This credit may not exceed –

- a) \$5,000 for each employee who relocates his/her employment to DC but does not relocate his/her principal residence to DC. The total annual credit taken by a QHTC may not exceed \$250,000.
- b) \$7,500 for each employee who relocates his/her employment to DC and who also relocates his/her principal residence to DC. The total annual credit taken by a QHTC may not exceed \$1,000,000.

Principal residence is determined as of the last day of the first six months of employment in DC by a QHTC.

If the amount of the credit exceeds the DC corporate QHTC franchise tax liability, the unused amount may be carried forward but not beyond the tenth year following the first year the taxpayer filed a return claiming the credit.

#### **Key Employee**

A key employee is:

- a) A member of the board of directors of the QHTC; or
- b) Directly or indirectly the owner of a majority of the QHTC's stock; or
- c) Related to a member of the QHTC's board of directors or to a majority stockholder of the QHTC as a spouse or relative within the definition of "dependent" in IRC sec. 152.

#### **DC TAXES AND QHTCs**

#### **V. Franchise Tax**

For Taxable Years beginning after December 31, 2000, QHTCs which are corporations are granted a reduced corporate franchise tax rate of 6%, except:

- (i) QHTCs certified pursuant to DC Code §47-1805.05 before January 1, 2012, shall not be subject to the tax for 5 years after the date that the QHTC commences business in the District; and
- (ii) QHTCs certified on or after January 1, 2012, shall not be subject to the tax for 5 years after the date that the QHTC has taxable income.

The total amount that each Qualified High Technology Company may receive in exemptions shall not exceed \$15 million. After the 5 year period or the \$15 million limit is reached, incorporated QHTCs pay a rate of 6%.

QHTCs will now report their tax, corporate QHTC franchise tax exemption amount, and amount of credits on Form D-20 by completing the QHTC Schedule on page 4 of the D-20.

Incorporated QHTCs must file Form D-20, including the Corporate QHTC Franchise Tax Exemption and Credit Schedule on page 4 of the D-20.

Follow the specific line-by-line instructions (Lines 1 through 48) in

the D-20 instruction booklet. Fill in the 'if Certified QHTC' oval on page 1 of form D-20, and submit the filled out Certification of Gross Revenue Worksheet on page 11 of the FR-399 QHTC instruction booklet. In addition, if you are claiming any QHTC Tax Credits, fill out and submit the D20CR from the FR-399 QHTC instruction booklet, and Schedule UB from the D-20 instruction booklet.

#### **QHTC Schedule, Form D-20 page 4, line-by-line**

##### **Line 1 Initial Date of Taxable Income**

Enter the month and year that the QHTC first had taxable income.

##### **Line 2 Cumulative Amount of Corporate QHTC Franchise Tax Exemption Previously Used**

Enter the total amount of QHTC Exemption used on all prior returns.

##### **Line 3 Total DC taxable income**

Enter the amount from Form D-20, Line 36, your total DC taxable income.

##### **Line 4 Qualified High Technology Companies Franchise Tax**

Calculate the corporate QHTC franchise tax by multiplying any positive amount on Line 3 (total District taxable income) by .06. Enter the result on Line 4.

##### **Line 5 Minus nonrefundable credits from Schedule UB, Line 9**

Subtract the nonrefundable credits entered from Schedule UB, Line 9. See instructions for Schedule UB Business Credits on page 13 of the D-20 instruction booklet, and the instructions for Form D-20CR in the FR-399 instruction booklet.

##### **Line 6 Tentative Tax**

Subtract Line 5 from Line 4. Enter result.

##### **Line 7 Minus Corporate QHTC Franchise Tax Exemption This Return**

The amount of exemption claimed this return, plus the amount of cumulative exemptions claimed on previous tax returns, cannot exceed \$15 million. In addition, the corporate QHTC franchise tax exemption cannot be claimed if the QHTC commenced business before January 1, 2012, and the corporate QHTC franchise tax exemption cannot be claimed if more than 5 years have passed since the QHTC business has taxable income. If \$15 million in exemptions have been previously used, or the 5 year period has been exceeded, enter zero.

##### **Line 8 Total DC gross receipts**

From Line 4 of (MTLGR) worksheet, page 4, D-20 instruction booklet.

##### **Line 9 Net tax**

Line 6 minus Line 7. Enter the result on Line 9, and Form D-20 page 2, Line 40, except:

1. If Line 8 is less than or equal to \$1M and Line 9 is less than \$250, enter \$250;
2. If Line 8 is greater than \$1M and Line 9 is less than \$1,000, enter \$1,000.

##### **Line 10 Amount of Corporate QHTC Franchise Tax Exemption Remaining**

Subtract Line 2 and Line 7 from \$15M. Enter result. If the QHTC business commenced before January 1, 2012, or more than 5 years have passed after initial taxable income, enter zero.

#### **VI. Personal Property Tax**

Qualified tangible personal property (within the meaning of DC Code §47-1521(4)) purchased and used or held for use by a QHTC (corporate and unincorporated) after December 31, 2000, is exempt from DC personal property tax for 10 years beginning with the year of purchase.

If the tangible personal property is used or is available for use in the eleventh year and thereafter, the property must then be reported at 25% of the original cost or exchange value, unless it is qualified technological equipment (see DC Code §47-1523(b)). In that case it must be reported at 10% of the original cost or exchange value. See pages 23-24 of this publication for information on refunds and exemptions with respect to tangible personal property.

#### **BUSINESS ASSET DEDUCTIONS AND QHTCs**

##### **VII. Deductions for Certain Depreciable Business Assets**

A QHTC may deduct the lesser of \$40,000 or the actual cost of personal property described in IRC section 179(d)(1).

##### **VIII. Unincorporated Business Franchise Tax Exemption**

A QHTC business that is not a corporation is exempt from the unincorporated business franchise tax. However unincorporated QHTCs must file a D-65 Partnership Return, or a D-40 Individual Income Tax Return with Federal Schedule C attached. A completed QHTC-CERT form must be filed with the D-40 or D-65 return.

##### **IX. Capital Gain and QHTCs**

Qualified capital gain from the sale or exchange of a QHTC's capital assets is no longer exempt. For tax years beginning after December 31, 2018, the tax on a capital gain from the sale or exchange of an investment in a QHTC shall be at the rate of 3% if:

- (1) The investment was made after March 11, 2015;
- (2) The investment was held by the investor for at least 24 continuous months;
- (3) At the time of the investment, the stock of the QHTC was not publicly traded; and
- (4) The investment is in common or preferred stock of the QHTC.

Rollover of capital gain from qualified stock to other qualified stock. Qualified stock is that which satisfies the requirement for small business stock under IRC section 1202(c) and is issued by a QHTC. Where gain is realized on the sale of qualified stock held by a taxpayer, other than a corporation, for more than six months the taxpayer may elect to defer recognition of gain unless it was previously deferred.

However, if a taxpayer purchases qualified stock within 60 days of selling other qualified stock, gain is recognized. Gain is recognized to the extent gain realized on the sale exceeds the cost of the qualified stock purchased.

The taxpayer's holding period is determined without regard to IRC section 1223. This treatment does not apply to gain considered ordinary income under IRC sections 1245 or 1250.

Please note that a real property tax abatement benefit and various other financial incentives of a non-income/franchise tax nature are provided for QHTCs in the New E-Conomy Transformation Act of 2000.

QHTC-CERT 20\_\_\_\_  
 Certification for Qualified High  
 Technology Company



Official Use Only:VENDOR ID# 0000

Taxpayer Identification Number          
 Fill in  if FEIN Taxable Year Ending (MMYY)    
 Initial Year of Certification as QHTC (YYYY)    
 Fill in  if SSN

Name of Business 
 Real Property Eligible for Abatement  
 Square    
 Suffix    
 Lot

I certify that this business is a Qualified High Technology Company and that it (check all that apply):

1.  Is an individual or entity organized for profit;
2.  Leases or owns an office in the District of Columbia, attach copy of lease or proof of ownership;
3.  Has two or more qualified employees in the District of Columbia;
4.  Derives at least 51% of its gross revenues earned in the District from one or more of the following (check all that apply):
  - a.  Internet-related services and sales, etc., as defined in DC Code §47-1817.015(A)(i)(I),
  - b.  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,
  - c.  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,
  - d.  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, or
  - e.  Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content.
5.  Does not derive 51% or more of its gross revenue from the operation in DC of an online or brick and mortar retail store or an electronic equipment facility as defined in DC Code §47-1817.01 (5)(B)(i)II; or is a building or construction company or professional athletic team.
6.  Is not located in the DC Ballpark TIF Area as defined in DC Code §2-1217.12; and
7.  Is appropriately registered as a business in DC. (Visit [MyTax.DC.gov](http://MyTax.DC.gov))
8.  Enter description of the principal business activity

Under penalty of law, I declare that I have examined this certificate and, to the best of my knowledge, it is correct.

\_\_\_\_\_  
Signature of Owner or Officer

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Company Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
e-mail address



# **INSTRUCTIONS FOR FORM QHTC-CERT, CERTIFICATION FOR QUALIFIED HIGH TECHNOLOGY COMPANY**

## WHO MAY USE THE CERTIFICATION FORM?

Any business which qualifies and wishes to be certified as a Qualified High Technology Company.

## **How should a company submit Form QHTC-CERT?**

File the Form QHTC-CERT as an attachment to any of the DC tax returns shown below claiming tax benefits under the New E-Conomy Transformation Act of 2000.

Form D-20 – DC Corporate Franchise Tax Return  
Form FP-31 – DC Personal Property Tax Return  
Form D-65 – DC Partnership Return  
Form D-40 – Individual Income Tax Return with Schedule C attached

## **Instructions for completing Form QHTC-CERT**

Enter the business name, the Taxpayer Identification Number (TIN), and the ending date of the taxable year. For businesses claiming an abatement of real property tax, fill in the square, suffix and lot numbers identifying the real property eligible for abatement. If claiming an abatement for more than one property, please attach a detailed listing. Also indicate the first year certified as a QHTC.

**Lines 1 through 8.** Place an X in each box that applies to your business.

The Form QHTC-CERT must be signed and dated by an Owner, General Partner or Officer of the business who is authorized to sign. Please provide the business' address, telephone, fax number and e-mail address.

**NOTE:** The boxes for lines 1, 2, 3, 4; and at least one box in line 4a through 4e; and lines 5 through 8 must be completed. If these boxes are not completed, the business is not a certified Qualified High Technology Company and is not entitled to any of the tax credits or other tax benefits of the New E-Conomy Transformation Act of 2000.



D-20CR 20\_\_\_\_  
**QHTC Corporate Business Tax Credits**  
 (File With Form D-20)



Official Use Only: VENDOR ID# 0000

Tax Return Year Beginning \_\_\_\_\_, 20\_\_ and ending \_\_\_\_\_, 20\_\_

Initial year of  
certification as QHTC

TAXPAYER IDENTIFICATION NUMBER: \_\_\_\_\_

BUSINESS NAME AS SHOWN ON TAX RETURN FORM D-20: \_\_\_\_\_

**PART A — TAX CREDIT FOR RELOCATION COSTS**

1. Number of eligible employees who reside in DC
2. Number of eligible employees who reside outside DC
3. Tax credit for employees residing in DC (limited \$7,500 per employee, see instructions) .....
4. Tax credit for employees residing outside DC (limited \$5,000 per employee, see instructions) .....
5. Total tax credit (add lines 3 and 4) .....

\$	
\$	
\$	

**PART B – TAX CREDIT FOR 10% OF WAGES PAID TO QUALIFIED EMPLOYEES  
DURING THE FIRST 24 MONTHS OF EMPLOYMENT**

1. Number of eligible employees
2. Total Wages paid during this period to Qualified Employees .....
3. Tax credit – Line 2 x 0.10 (Limited to \$5,000 per employee in the tax year.) .....

\$	
\$	

**PART C — TAX CREDIT FOR 50% OF WAGES PAID TO QUALIFIED DISADVANTAGED EMPLOYEES  
DURING THE FIRST 24 MONTHS OF EMPLOYMENT**

1. Employees eligible in First year       2. Months in First year
  3. Total Wages paid during tax year 20\_\_ to Qualified Disadvantaged Employees .....
  4. Tax credit (50% of line 3) .....
- The credit is 50% of qualified disadvantaged employee wages paid during the first 24 months of employment beginning after December 31, 2000, not to exceed \$15,000 per employee per year.

\$	
\$	

**PART D — TAX CREDIT FOR THE COSTS OF RETRAINING QUALIFIED DISADVANTAGED  
EMPLOYEES DURING THE FIRST 18 MONTHS OF THEIR EMPLOYMENT**

1. Number of employees eligible, first 12 months.
  2. Total expenditures for retraining Qualified Disadvantaged Employees paid or incurred during this period.
  3. Amount of Retraining Costs Tax Credit .....
- (Limited to \$20,000 per employee for retraining costs incurred during the first 18 months of employment beginning after December 31, 2000.)

\$	
\$	



**PART E – SUMMARY OF QHTC TAX CREDITS**

**Non-refundable credits**

1a. Relocation Costs Tax Credit (Part A, Line 5) plus any carryover . . . . .	\$
b. Amount of credit carried forward . . . . .	\$
2a. Qualified Employee Wages Tax Credit (Part B, Line 3) plus any carryover . . . . .	\$
b. Amount of credit carried forward . . . . .	\$
3a. Qualified Disadvantaged Employee Wages Tax Credit (Part C, Line 4) plus any carryover . . . . .	\$
b. Amount of credit carried forward . . . . .	\$
4a. Retraining Costs Tax Credit (Part D, Line 3) plus any carryover . . . . .	\$
b. Amount used as nonrefundable credit . . . . .	\$
c. Amount of excess unused credit . . . . .	\$
d. Amount of excess unused credit carried forward * . . . . .	\$
5. Total non-refundable QHTC Tax Credits (add Lines 1a, 2a, 3a and 4b - enter on Schedule UB, Line 2. .	\$

**Refundable credits**

6a. Amount of Unused Retraining Costs Tax Credit (Part E, Line 4c) . . . . .	\$
b. Amount of refund if elected (limited to 50% of the credit) * . . . . . (Line 6a X .50)	\$
7. Total refundable QHTC Tax Credit (Line 6b, enter on Schedule UB, Line 10)	\$

\* **Note:** Only the excess unused portion of the Retraining Tax Credit can be claimed as a 50% refund. If an election is made to carry the excess unused credit forward, then the excess unused portion cannot be claimed as a refundable credit.

# INSTRUCTIONS FOR FORM D-20CR

## Who may use Form D-20CR?

A business which is a corporation, including a Limited Liability Company (LLC) which has elected to be treated as a corporation for Federal tax purposes and is certified as a QHTC may file a Form D-20CR to claim the applicable credits listed on Form D-20CR.

## Should the Certification of Gross Revenue Worksheet be submitted with the Form D-20CR?

Yes, it must be submitted in the first year that the business is a QHTC for six or more months and in all subsequent years.

## Which forms are required to claim QHTC credits?

A company must file a DC corporate franchise tax return (D-20) to claim the credits entered on the Form D-20CR. The Certification for Qualified High Technology Company, Form QHTC-CERT, must also be filed. (This is required even if the company has been previously certified as a QHTC.)

## Claiming a Tax Credit Carryover

When claiming a tax credit carryover on your return please attach a copy of your form D-20CR for the year(s) from which the carryover originated.

## Part A - Tax credit for relocation costs

An incorporated QHTC is allowed a credit (subject to a dollar limitation) against its QHTC franchise tax for each dollar reimbursed to or paid on behalf of each qualified employee for relocation costs. The credit may not exceed:

- \$5,000 for each employee who relocates his or her employment to DC from outside DC but does not relocate his or her principal residence to DC. The total annual credit for a QHTC may not exceed \$250,000; and
- \$7,500 for each employee who relocates his or her employment to DC from outside DC and also relocates his or her principal residence to DC. The total annual credit for a QHTC may not exceed \$1,000,000. For purposes of this credit, the principal residence is determined as of the last day of the first six months of employment in DC by a QHTC. This credit may be carried forward for 10 years.

## Part B- Tax credit for wages paid to qualified employees during the first twenty-four months of employment

An incorporated QHTC is allowed a credit against the QHTC franchise tax equal to 10% of the wages paid during the first 24 calendar months to a qualified employee. The qualified employee must be hired after December 31, 2000 and employed in DC by the QHTC in the "permitted activities." This credit may be carried forward for 10 years.

## Part C - Tax credit for 50% of the wages paid to qualified disadvantaged employees during the first twenty-four months of employment

An incorporated QHTC is allowed a credit against its QHTC franchise tax equal to 50% of the wages paid to each qualified disadvantaged employee during the first 24 calendar months of employment. The credit claimed is limited to \$15,000 a year for each qualified disadvantaged employee. It may be carried forward for 10 years.

## Part D- Tax credit for the costs of retraining qualified disadvantaged employees during the first eighteen months of employment

An incorporated QHTC is allowed a credit against the QHTC franchise tax for expenditures paid or incurred during the taxable year for retraining qualified disadvantaged employee(s). See DC Code §47-1817.04. The credit claimed under this section is limited to \$20,000 for each qualified disadvantaged employee during the first 18 months of employment. If the amount of the credit exceeds the tax due, the unused amount of the credit may be carried forward for 10 years, or taken as a refundable credit in an amount up to 50% of the credit.

## Part E- Summary of QHTC tax credits

This is a summary of the tax credits claimed in Parts A through D. Copy the correct lines when completing Part E. Enter the amount of non-refundable credits from Line 5 of Part E on Schedule UB, Line 2. Enter the amount of refundable credits from Line 7 of Part E on Schedule UB, Line 10.

**\*Note:** "TYBA" means "tax year beginning after".



# WORKSHEET

## QUALIFIED HIGH TECHNOLOGY COMPANY Certification of Gross Revenue

(To be filed with Form D-20, D-65, or D-40 with Federal Schedule C)

For Tax Year Beginning: \_\_\_\_\_, 20\_\_\_\_ and Ending \_\_\_\_\_, 20\_\_\_\_

Company Name: \_\_\_\_\_ TIN: \_\_\_\_\_

Column 1 DC Address	Column 2 Gross Revenue Earned in DC from Permitted Activities					Column 3 Gross Revenue Earned in DC from Permitted Activities (add column 2 A thru E)	Column 4 Gross Revenue Earned in DC from Non-Permitted Activities	Column 5 Total Gross Revenue Earned in DC from Permitted and Non-Permitted Activities (add cols. 3 & 4)
	A	B	C	D	E			
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
TOTAL								

**Permitted Activities - DC Code § 47-1817.01(5)(A)(iii)**

- Column A – Internet related services and sales.
- Column B – Information and communication technologies, equipment and systems.
- Column C – Advance material and processing technologies.
- Column D – Engineering, production, biotechnology and defense technologies.
- Column E – Electronic and photonic devices and components.

**NOTE:** Columns A through E must **not** include gross revenue from a retail store or an electronic equipment facility (Data Hotel).

## **CERTIFICATION OF GROSS REVENUE WORKSHEET**

File this worksheet with the Form D-20, Form D-65, or Form D-40 with Federal Schedule C.

Title Line. Enter the beginning and ending dates of the tax year for which certification applies, the name of the business and the Taxpayer Identification Number.

Column 1. DC address or location of each business. List each DC location separately.

Column 2. For each business location, enter gross revenue earned in DC from each permitted activity listed.

Column 3. Enter the total for columns A through E for each business location.

Column 4. Enter the gross revenue earned in DC from the total of non-permitted activities for each location.

Column 5. Enter the total gross revenue (add columns 3 and 4) from permitted and non-permitted activities for each location.



Government of the District of Columbia  
Office of Tax and Revenue

**FP-332**

**CLAIM FOR REFUND OF RETRAINING COSTS**

Qualified High Technology Company

**20**\_\_\_\_\_

Company Name and Address: \_\_\_\_\_  
\_\_\_\_\_

Taxpayer Identification Number: \_\_\_\_\_

EMPLOYEE'S NAME	TAXPAYER IDENTIFICATION NUMBER	DATE OF EMPLOYMENT	NUMBER OF MONTHS EMPLOYED	COLUMN A RETRAINING COSTS	COLUMN B MAXIMUM AMOUNT ALLOWABLE	COLUMN C AMOUNT IN COL. A OR COL. B, WHICH- EVER IS LESS	COLUMN D AMOUNT CLAIMED IN PRIOR YEAR	COLUMN E RETRAINING COSTS AVAILABLE FOR CREDIT IN CURRENT YEAR (COL. C MINUS COL. D)
1. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
2. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
3. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
4. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
5. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
6. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
7. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
8. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
9. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
10. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
11. _____	_____	_____	_____	\$ _____	\$20,000.	\$ _____	\$ _____	\$ _____
12. TOTALS				\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
13. CURRENT YEAR RETRAINING COSTS AVAILABLE FOR TAX CREDIT				.....	.....	.....	.....	\$ _____
14. AMOUNT OF REFUNDABLE RETRAINING COSTS TAX CREDIT (50% OF LINE 13)				.....	.....	.....	.....	\$ _____

Under penalty of perjury, I declare that I have examined this claim and, to the best of my knowledge, it is correct.

\_\_\_\_\_  
Signature of Owner or Officer

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Company's Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
E-Mail Address



## INSTRUCTIONS FOR FORM FP-332

Enter the beginning and ending dates of the tax year, the company name and the Taxpayer Identification Number.

### WHO MAY USE THE FORM FP-332?

A business which is a corporation and which is a certified Qualified High Technology Company may claim a partial refund of the retraining costs tax credit.

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

- a) Is an individual or entity organized for profit;
- b) Leases or owns an office in the District of Columbia (DC);
- c) Has 2 or more qualified employees in the District;
- d) Derives at least 51% of its gross revenues earned in the District from one or more of certain “permitted” activities\* (DC Code §47-1817.01(5)(A)(iii)); and
- e) Is registered with the DC Government as a business in DC.

#### A Qualified High Technology Company (QHTC) does not include –

- a) An individual or entity that derives 51% or more of its gross revenues from the operation in the District of:
  - (i) An online or brick and mortar retail store;
  - (ii) An electronic equipment facility that is primarily occupied, or intended to be occupied, by electronic and computer equipment that provides electronic data switching, transmission, or telecommunication functions between computers, both inside and outside the facility;
  - (iii) A building or construction company;
- b) A professional athletic team, as defined in DC Code §47-2002.05(a)(3); or
- c) A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12.

### HOW AND WHEN TO FILE

To claim the retraining costs tax credit, a Qualified High Technology Company that is a corporation must attach the following to the Form D-20:

- Form QHTC-CERT, Certification for Qualified High Technology Company;
- Form D-20CR, QHTC Corporate Business Tax Credits;
- QHTC Certification of Gross Revenue;
- Schedule UB; and
- Form FP-332, Claim for Refund of Retraining Costs.

Fill in the QHTC oval on the Form D-20.

QUALIFIED HIGH TECHNOLOGY COMPANY RETRAINING COSTS FOR  
QUALIFIED DISADVANTAGED EMPLOYEES

TAX CREDIT WORKSHEET

	Employee 1	Employee 2	Employee 3	Employee 4	Employee 5	Employee 6	Employee 7
1. Employee's Name							
2. Employee's Taxpayer Identification Number							
3. Date employed in District							
4. Training Expense (Note 1)							
5. Prior Year Credit (Note 2)							
6. Current Year Credit (Subtract line 5 from line 4)							

Note 1 – Total eligible retraining costs, not to exceed \$20,000, paid or incurred by a QHTC to retrain this Qualified Disadvantaged Employee in his or her first 18 months of employment in DC.

Note 2 – Qualified Disadvantaged Employee's Retraining Costs Tax Credit claimed for this employee in the prior year.





Government of the District of Columbia  
Office of Tax and Revenue

**FP-333**

**TAX CREDIT FOR WAGES PAID TO QUALIFIED EMPLOYEES**

Qualified High Technology Company

20

Company Name and Address: \_\_\_\_\_

Taxpayer Identification Number: \_\_\_\_\_

EMPLOYEE'S NAME	TAXPAYER IDENTIFICATION NUMBER	DATE HIRED	CALENDAR MONTHS FROM DATE HIRED	COLUMN A WAGES PAID THIS YEAR	COLUMN B MAXIMUM AMOUNT	COLUMN C LESSOR OF 10 % OF COL. A OR AMOUNT OF COL. B	COLUMN D QHTC ACTIVITIES EMPLOYED ON IN DISTRICT
1. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
2. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
3. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
4. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
5. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
6. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
7. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
8. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
9. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
10. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
11. _____	_____	_____	_____	\$ _____	\$5,000.	\$ _____	_____
<b>12. TOTALS</b>				\$ _____		\$ _____	
<b>13. CURRENT YEAR TAX CREDIT FOR WAGES PAID TO QUALIFIED EMPLOYEES</b>						\$ _____	

Under penalty of perjury, I declare that I have examined this claim and, to the best of my knowledge, it is correct.

Signature of Owner or Officer \_\_\_\_\_ Company Name \_\_\_\_\_ Date \_\_\_\_\_

Company's Address \_\_\_\_\_ Telephone Number \_\_\_\_\_ E-Mail Address \_\_\_\_\_

## INSTRUCTIONS FOR FORM FP-333

Enter the beginning and ending dates of the tax year, the company name and the Taxpayer Identification Number.

### WHO MAY USE THE FORM FP-333?

A business which is a corporation and which is a certified Qualified High Technology Company (QHTC) may claim a non-refundable tax credit against tax imposed by Section 47-1817.06 for wages paid to a qualified employee who is employed in the District by a QHTC on qualified high technology activities.

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

- a) Is an individual or entity organized for profit;
- b) Leases or owns an office in the District of Columbia (DC);
- c) Has 2 or more qualified employees in the District;
- d) Derives at least 51% of its gross revenues earned in the District from one or more of certain “permitted” activities\* (DC Code §47- 1817.01(5)(A)(iii)); and
- e) Is registered with the DC Government as a business in DC.

#### A Qualified High Technology Company (QHTC) does not include –

- a) An individual or entity that derives 51% or more of its gross revenues from the operation in the District of:
  - (i) An online or brick and mortar retail store;
  - (ii) An electronic equipment facility that is primarily occupied, or intended to be occupied, by electronic and computer equipment that provides electronic data switching, transmission, or telecommunication functions between computers, both inside and outside the facility;
  - (iii) A building or construction company;
- b) A professional athletic team, as defined in DC Code §47- 2002.05(a)(3); or
- c) A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12.

### HOW AND WHEN TO FILE

To claim this tax credit for wages paid to employees a Qualified High Technology Company that is a corporation must attach the following to the Form D-20:

- Form QHTC-CERT, Certification for Qualified High Technology Company;
- Form D-20CR, QHTC Corporate Business Tax Credits;
- QHTC Certification of Gross Revenue;
- Schedule UB; and
- Form FP-333, Claim for Tax Credit for Wages Paid to Qualified Employees, if claiming tax credit for wages paid to qualified employees.

Fill in the QHTC oval on the Form D-20.

Except as provided in District of Columbia Code §47-1817.03(b), the tax credit for wages paid to qualified employees that is allowed against the tax imposed by District of Columbia Code §47-1817.06, is the lesser of the 10% of the wages paid during the first 24 calendar months of employment to a qualified employee, or \$5,000 in a taxable year.

If the amount of credit allowable under District of Columbia Code §47-1817.03(a) exceeds the tax otherwise due from a Qualified High Technology Company, the unused amount of the credit may be carried forward for 10 years



Government of the District of Columbia  
Office of Tax and Revenue

**FP-334**

**TAX CREDIT FOR WAGES PAID TO QUALIFIED DISADVANTAGED  
EMPLOYEES**

Qualified High Technology Company

20\_\_

Company Name and Address: \_\_\_\_\_

EMPLOYEE'S NAME	TAXPAYER IDENTIFICATION NUMBER	DATE HIRED	CALENDAR MONTHS FROM DATE HIRED	COLUMN A WAGES PAID THIS YEAR	COLUMN B MAXIMUM AMOUNT	COLUMN C LESSOR OF 50 % OF COL. A OR AMOUNT OF COL. B	COLUMN D QHTC ACTIVITIES EMPLOYED ON IN DISTRICT
1. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
2. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
3. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
4. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
5. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
6. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
7. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
8. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
9. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
10. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
11. _____	_____	_____	_____	\$ _____	\$15,000.	\$ _____	_____
<b>12. TOTALS</b>				\$ _____	\$ _____	\$ _____	_____

13. CURRENT YEAR TAX CREDIT FOR WAGES PAID TO QUALIFIED EMPLOYEES ..... \$ \_\_\_\_\_

Under penalty of perjury, I declare that I have examined this claim and, to the best of my knowledge, it is correct.

\_\_\_\_\_  
Signature of Owner or Officer

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Company's Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
E-Mail Address

# INSTRUCTIONS FOR FORM FP-334

Enter the beginning and ending dates of the tax year, the company name and the Taxpayer Identification Number.

## WHO MAY USE THE FORM FP-334?

A business which is a corporation and which is a certified Qualified High Technology Company (QHTC) may claim a non-refundable tax credit against tax imposed by Section 47-1817.06 for wages paid to a qualified disadvantaged employee who is employed in the District by a QHTC on qualified high technology activities.

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

- a) Is an individual or entity organized for profit;
- b) Leases or owns an office in the District of Columbia (DC);
- c) Has 2 or more qualified employees in the District;
- d) Derives at least 51% of its gross revenues earned in the District from one or more of certain “permitted” activities\* (DC Code §47-1817.01(5)(A)(iii)); and
- e) Is registered with the DC Government as a business in DC.

### A Qualified High Technology Company (QHTC) does not include –

- a) An individual or entity that derives 51% or more of its gross revenues from the operation in the District of:
  - (i) An online or brick and mortar retail store;
  - (ii) An electronic equipment facility that is primarily occupied, or intended to be occupied, by electronic and computer equipment that provides electronic data switching, transmission, or telecommunication functions between computers, both inside and outside the facility;
  - (iii) A building or construction company;
- b) A professional athletic team, as defined in DC Code §47- 2002.05(a)(3); or
- c) A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12.

### A Qualified Disadvantaged Employee means a District resident who –

- a) Is a recipient of Temporary Assistance for Needy Families (“TANF”);
- b) Was a recipient of TANF in the period immediately preceding employment;
- c) Was released from incarceration within 24 months before the date of employment by a QHTC; or
- d) Is an employee hired, or relocated to the District, after December 31, 2000 and for which a QHTC also is eligible to claim the Welfare to Work Tax Credit or the Work Opportunity Tax Credit under the Internal Revenue Code of 1986.

The term “Qualified Disadvantaged Employee” does not mean or include: a temporary or seasonal employee; or an employee who was employed as the result of: the displacement, other than for cause of another employee; a strike or lockout; a layoff in which other employees are awaiting recall; or a reduction of the regular wages, benefits, or rights of other employees in similar jobs.

## HOW AND WHEN TO FILE

To claim this tax credit for wages paid to qualified disadvantaged employees a Qualified High Technology Company that is a corporation must attach the following to the Form D-20:

- Form QHTC-CERT, Certification for Qualified High Technology Company;
- Form D-20CR, QHTC Corporate Business Tax Credits;
- QHTC Certification of Gross Revenue;
- Schedule UB; and
- Form FP-334, Claim for Tax Credit for Wages Paid to Qualified Disadvantaged Employees, if claiming tax credit for wages paid to qualified disadvantaged employees.

Fill in the QHTC oval on the Form D-20.

Except as provided in District of Columbia Code §47-1817.05, the tax credit for wages paid to qualified disadvantaged employees that is allowed against the tax imposed by District of Columbia Code §47-1817.06, is the lesser of the 50% of the wages paid during the first 24 calendar months of employment to a qualified disadvantaged employee, or \$15,000 in a taxable year.

If the amount of credit allowable under District of Columbia Code §47-1817.05 exceeds the tax otherwise due from a Qualified High Technology Company, the unused amount of the credit may be carried forward for 10 years.



## **Qualified High Technology Companies Qualifying Tangible Personal Property Refunds and Exemptions**

### **Refund of Personal Property Tax Paid on Qualifying Tangible Personal Property Acquired after December 31, 2000.**

A certified DC Qualified High Technology Company (QHTC) which paid DC personal property tax on qualifying tangible personal property acquired after December 31, 2000, may claim a refund of the tax paid by filing an amended Form FP-31, personal property tax return.

The qualifying tangible personal property purchased by a certified DC QHTC used or held for use in its trade or business must be reported in Schedule D-3 (included in this publication) and filed with Form FP-31.

### **Exemption from DC Personal Property Tax of Qualifying Tangible Personal Property Acquired after December 31, 2000**

Qualifying tangible personal property purchased and used or held for use in a certified DC QHTC's business may be claimed as exempt from the DC personal property tax. The property must be reported in a Schedule D-3 filed with Form FP-31. A completed Schedule D-3 and a completed DC Form QHTC-CERT must be filed with Form FP-31.

### **Schedule D-3 of Form FP-31**

A certified DC QHTC claiming exemption for qualifying tangible personal property which it purchased after December 31, 2000, or which is in its possession pursuant to a lease – purchase or security – purchase agreement (a capital lease – under which it is required to become the owner of the property) must report the property in a Schedule D-3 filed with Form FP-31.

All such property acquired or leased under a lease-purchase or security-purchase agreement prior to January 1, 2001, is not tax exempt. The property must be reported in Schedule A of Form FP-31.

### **Schedule D-4 of Form FP-31**

A non QHTC which, after December 31, 2000, rents or leases qualifying tangible personal property to a certified DC QHTC under a lease-purchase or security-purchase agreement must report the property in a Schedule D-4 (included in this publication) filed with Form FP-31.

**Note:** A non QHTC lessor of such property acquired prior to January 1, 2001, under a similar lease arrangement must report the property in Schedule D-2 of Form FP-31.

### **Schedule A of Form FP-31**

Qualifying tangible personal property leased by a non QHTC under an operating lease (no ownership implication for the lessee) to either a certified QHTC or a non QHTC is subject to the personal property tax. The property tax must be reported in Schedule A of Form FP-31.

### **Filing an Amended Personal Property Tax Return**

Check the amended return box on the Form FP-31 filed for the year you are amending.

When filing a personal property tax return, please attach the following to the return:

- **a completed DC Form QHTC-CERT;**
- **proof of payment of the personal property tax liability for the year being amended;**
- **a copy of the lease agreement, if relevant; and**
- **a copy of any purchase invoice(s).**

## Form FP-31 Personal Property Schedules D-3 and D-4

Tax Return Year Beginning \_\_\_\_\_, 20\_\_\_\_ and ending \_\_\_\_\_, 20\_\_\_\_

TIN: \_\_\_\_\_

**SCHEDULE D-3—QUALIFYING TANGIBLE PERSONAL PROPERTY PURCHASED BY A CERTIFIED QHTC AND USED OR HELD FOR USE BY THE QHTC (OR LEASED UNDER A CAPITAL LEASE) TO A CERTIFIED QHTC.**

PROPERTY TYPE	PURCHASE DATE	QHTC CERTIFICATION DATE	ORIGINAL COST	REMAINING COST	LESSOR'S NAME AND ADDRESS	MONTHLY RENT	DATE LEASE BEGAN
			\$	\$		\$	
			TOTAL: \$	TOTAL: \$			

**SCHEDULE D-4—QUALIFYING TANGIBLE PERSONAL PROPERTY PURCHASED BY A NON QHTC AND LEASED TO A CERTIFIED QHTC UNDER A CAPITAL LEASE.**

PROPERTY TYPE	PURCHASE DATE	LESSEE'S CERTIFICATION DATE	ORIGINAL COST	REMAINING COST	LESSOR'S NAME AND ADDRESS	MONTHLY RENT	DATE LEASE BEGAN
			\$	\$		\$	
			TOTAL: \$	TOTAL: \$			



## QHTC High Technology Permitted Activities are:

1. Internet-related services and sales:
  - (a) Website design, maintenance, hosting, or operation;
  - (b) Internet-related training, consulting, advertising, or promotion services;
  - (c) The development, rental, lease, or sale of Internet-related applications, connectivity, or digital content; or
  - (d) Products and services that may be considered e-commerce;
  
2. 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. Such technologies, whether deployed on the Internet or other electronic or digital media, shall include:
  - (a) Operating and application software;
  - (b) Internet-related services, including design, strategic planning, deployment, and management services and artificial intelligence;
  - (c) Computer modeling and simulation;
  - (d) High-level software languages;
  - (e) Neural networks;
  - (f) Processor architecture;
  - (g) Animation and full-motion video;
  - (h) Graphics hardware and software;
  - (i) Speech and optical character recognition;
  - (j) High volume information storage and retrieval;
  - (k) Data compression; and
  - (l) Multiplexing, digital signal processing and spectrum technologies.
  
3. 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. Such materials and technologies shall include:
  - (a) Metal alloys;
  - (b) Metal matrix and ceramic composites;
  - (c) Advanced polymers;
  - (d) Thin films;
  - (e) Membranes;
  - (f) Superconductors;
  - (g) Electronic and photonic reduction;
  - (h) Pharmaceuticals; bioactive materials; bioprocessing; genetic engineering; catalysts; waste emissions reduction; and
  - (i) Waste processing technologies.

4. Engineering, production, biotechnology and defense technologies that involve knowledge-based control systems and architectures; advanced fabrication and design processes, equipment, and tools; propulsion, navigation, guidance, nautical, aeronautical and astronautical ground and airborne systems, instruments, and equipment. Such technologies include:
  - (a) Computer-aided design and engineering;
  - (b) Computer-integrated manufacturing;
  - (c) Robotics and automated equipment;
  - (d) Integrated circuit fabrication and test equipment;
  - (e) Sensors;
  - (f) Biosensors;
  - (g) Signal and image processing;
  - (h) Medical and scientific instruments;
  - (i) Precision machining and forming;
  - (j) Biological and genetic research equipment;
  - (k) Environmental analysis, remediation, control and prevention equipment;
  - (l) Defense command and control equipment;
  - (m) Avionics and controls;
  - (n) Guided missile and space vehicle propulsion units;
  - (o) Military aircraft; space vehicles; and
  - (p) Surveillance, tracking and defense warning systems.
  
5. Electronic and photonic devices and components for use in producing electronic, optoelectronic, mechanical equipment and products of electronic distribution with interactive media content. Such technologies include:
  - (a) Microprocessors;
  - (b) Logic chips;
  - (c) Memory chips;
  - (d) Lasers;
  - (e) Printed circuit board technology;
  - (f) Electroluminescent, liquid crystal, plasma and vacuum fluorescent displays;
  - (g) Optical fibers;
  - (h) Magnetic and optical information storage;
  - (i) Optical instruments, lenses, filters;
  - (j) Simplex and duplex data bases; and
  - (k) Solar cells.









