



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

2021 FR-399

Qualified High Technology Companies (QHTC)

REMINDERS

This FR-399 revision applies to tax years beginning after December 31, 2019.

The laws regarding Qualified High Technology Companies have changed substantially.

Effective for tax years beginning after December 31, 2019:

- The 6% QHTC tax rate, and the 15 million dollar franchise tax exemption have been eliminated. QHTCs are now taxed at the normal business franchise tax rate.
- The definition of a QHTC has been changed to require at least 10 qualified employees in the District instead of 2.
- The tax credit for QHTC employment relocation costs has been repealed. Accordingly, any carryforward credits cannot be claimed for tax year 2020 or subsequent tax years.
- The tax credit to QHTCs for retraining costs for qualified disadvantaged employees is now limited to \$10,000 for each qualified disadvantaged employee during the first 18 months of employment, and the carryforward provision of this credit has been repealed. Accordingly, any carryforward credits cannot be claimed for tax year 2020 or subsequent tax years.
- The carryforward provision of the tax credit to QHTCs for wages to qualified disadvantaged employees has been eliminated. Accordingly, any carryforward credits cannot be claimed for tax year 2020 or subsequent tax years.
- The IRC §179 depreciation deduction of up to \$40,000 for QHTCs has been eliminated. Under the general provision of DC Code § 47-1803.03(a)(18)(A), a QHTC's IRC §179 depreciation deduction is now limited to the lesser of \$25,000 or the actual cost of the property for the year the property is placed in service.
- The statutory provision regarding the rollover of capital gain from qualified QHTC stock to other qualified QHTC stock has been eliminated.
- The reduced tax on capital gain from the sale or exchange of a QHTC investment is suspended for tax years 2020-2024.
- The waiver of corporate income tax on a Qualified Social Commerce Company for 5 years from the date of commencing business has been eliminated.
- A QHTC cannot be the holder of a sports wagering license listed in DC Code § 36-621.05(b)(1).

Effective July 1, 2021, the personal property tax exemption for QHTCs has been eliminated.

REMINDERS

Effective January 1, 2019, all taxpayers seeking QHTC related benefits must complete an online application to fulfill the self-certification requirement. The annual Certification process replaces the existing requirement of filing individual "QHTC Certs" with returns filed as "Certified QHTC." Self-Certification must be completed online at MyTax.DC.gov by an Owner, General Partner or Officer of the business who is authorized to sign.

Effective October 1, 2019, sales of certain property by QHTCs and sales of computer software, or hardware are no longer exempt from sales and use tax. All QHTC Exempt Purchases Certificates issued before October 1, 2019 were terminated as of that date.

Who May Use the QHTC Self-Certification?

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

How Should a Company Submit the QHTC Self-Certification?

The self-certification can only be submitted online as of January 1, 2019 via MyTax.DC.gov.

Instructions for Completing the QHTC Self-Certification

All benefit applications filed by QHTCs shall include, but are not limited to, the following information:

- | | |
|--|---|
| a. Taxpayer ID Number; | i. Amount of QHTC Exempt Sales/Purchases from the prior year (broken down by period); |
| b. Name; | j. Number of QHTC employees hired; |
| c. Address; | k. Number of QHTC employees hired who are District residents; |
| d. Sales Tax Account Number | l. Schedules detailing QHTC employee credits; |
| e. NAICS Code; | m. Number of QHTC jobs created in the past year; |
| f. Information demonstrating QHTC eligibility; | n. Gross revenue; and |
| g. First year certified as QHTC; | o. Gross revenue earned from QHTC activities in the District. |
| h. Explanation of principle business activity; | |

Any prior year returns or amendments to previous filings will follow the instructions outline in the following return form booklets:

- Form D-20 -- DC Corporate Franchise Tax Return
- Form D-65 -- DC Partnership Return
- Form FR-800 -- DC Sales and Use Tax Return
- Form D-40 -- Individual Income Tax Return
- Form FP-31 -- DC Personal Property Tax Return

Prior year return data, including but not limited to QHTC Revenues, Employee Credits, and Exemptions, will be requested for future certifications. The QHTC Self-Certification must be filed annually in order to obtain a QHTC certificate of benefits.

Self-certifying as a QHTC does not prohibit the Office of Tax and Revenue (OTR) from conducting an audit to ensure compliance with the relevant QHTC statutes and definitions.

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, of the Chief Financial Officer may use a cost of performance method described in DC Code § 47-1817.01a(b).

QUALIFIED HIGH TECHNOLOGY COMPANY TAX BENEFITS

The New E-Conomy Transformation Act of 2000 (the Act) granted certain tax benefits to QHTCs in the District of Columbia 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, B20-750) updated qualification requirements and clarified certain provisions for QHTC's for tax years beginning after December 31, 2014.

The QHTC Tax Incentives Modification Amendment Act of 2020 (Title VII, Subtitle M of the FY21 Budget Support Act of 2020, B23-760) repealed or limited many tax benefits previously available to QHTCs and increased the number of required qualified employees for tax years beginning after December 3, 2019. This version of the FR-399 reflects those changes.

A Qualified High Technology Company is one which --

- a. Is an individual or entity organized for profit;
- b. Leases or owns an office in the District;
- c. Has 10 or more qualified employees in DC;
- d. Derives at least 51% of its gross revenues earned in the District from one or more of certain *permitted activities* defined in 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 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);
- c. A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12; or
- d. A holder of a sports wagering license listed in DC Code §36-62.1.05(b)(1).

Permitted Activities include --

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;
 - i. Waste emissions reduction; and
 - j. Waste processing technologies.

Permitted Activities include --- Continued from page 3.

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.

TAX BENEFITS -- Incorporated QHTCs

The various DC tax credits and other tax benefits available to incorporated QHTCs are --

Tax Credits for:

- Costs of retraining qualified disadvantaged employees;
- Wages paid to qualified disadvantaged employees; and
- Wages paid to qualified employees.

Other DC Tax Benefits:

- Reduction in real property tax for qualified leasehold improvements made by, or for, a QHTC tenant.

TAX BENEFITS -- Unincorporated QHTCs

The tax benefit available to an unincorporated QHTC is --

- 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 law/statute, a QHTC shall follow OTR's electronic self-certification process on MyTax.DC.gov. This replaces the prior requirement of filing individual "QHTC-CERTs" with returns filed as "Certified QHTC."

The QHTC Self-Certification requires that the company meets 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, the D-20CR if applicable, and submit the Certification of Gross Revenue Worksheet from page 14 of the FR-399 Instruction booklet.

Note: The QHTC indicator on returns must be filled in for QHTC status to be recognized.

TAX CREDITS AVAILABLE TO INCORPORATED QHTCs --

I. Retraining Costs for Qualified Disadvantaged Employees 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 §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 tax years beginning after December 31, 2019, a QHTC may claim a credit against its DC corporate franchise tax for expenses it paid or incurred during the taxable year for retraining qualified disadvantaged employees. **This dollar limited credit may no longer be taken as a refundable credit, nor carried forward.** For corporate filers this and other QHTC credits are taken on a Form D-20 CR filed with Form D-20. The online QHTC Self-Certification requirement must be completed.

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

1. 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;
2. 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;

3. 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;
4. 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 \$10,000 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 not be taken as a refundable credit nor carried forward.

II. Wages Paid to Qualified Disadvantaged Employees

A corporate QHTC is allowed a credit against its DC corporate 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:

1. The QHTC grants the qualified employee lesser benefits or rights than it grants other employees in similar jobs; or
2. The qualified employee was employed as the result of:
 - a. The displacement of another employee;
 - b. A strike or lockout;
 - c. A layoff in which other employees are awaiting recall;
 - d. A reduction of the regular wages, benefits, or rights granted to other employees in similar jobs; or
 - e. 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 franchise tax due from a QHTC, the unused credit may not be carried forward.

III. Wages Paid to Qualified Employees

For tax years beginning after December 31, 2019, a corporate QHTC may claim a credit against its DC corporate franchise tax equal to five percent of the wages paid during the first 24 calendar months of employment to a qualified employee hired after December 31, 2017 and employed by it in DC in any of the listed permitted activities. DC Code §47-1817.03.

This credit will not be allowed if:

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

Limitations on the credit for wages paid to qualified employees

The wages must be paid during the first 24 calendar months of employment to a qualified employee hired after December 31, 2017.

The credit may not exceed \$3,000 in a taxable year for each qualified employee.

If the amount of the credit exceeds the DC corporate franchise tax due the unused amount may be carried forward for ten years only if the qualified employee is hired before October 1, 2019.

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.

Key Employee

A key employee is:

1. A member of the board of directors of the QHTC; or
2. Directly or indirectly the owner of a majority of the QHTC's stock; or
3. 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 § 152.

DC TAXES AND QHTCS

IV. Franchise Tax

For taxable years beginning after December 31, 2019, QHTCs which are corporations are taxed at the normal corporate franchise tax rate.

Complete and submit Form D-20, corporation franchise tax return. 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 14 of the FR-399 QHTC instruction booklet.

Complete the online QHTC Self-Certification requirement. In addition, if you are claiming any QHTC Tax Credits, fill out and submit the D-20CR from the FR-399 QHTC instruction booklet, and Schedule UB from the D-20 instruction booklet.

V. Personal Property Tax

The personal property tax exemption for 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) is no longer available effective July 1, 2021.

BUSINESS ASSET DEDUCTIONS AND QHTCS

VI. Deductions for Certain Depreciable Business Assets

A QHTC may deduct the lesser of \$25,000 or the actual cost of personal property described in IRC Section 179(d)(1).

VII. Unincorporated Business Franchise Tax

Exemption A QHTC 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. The online QHTC Self-Certification requirement must be completed.

VIII. 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, 2019, the reduced 3% tax rate on a capital gain from the sale or exchange of a QHTC investment is suspended for tax years 2020-2024.

Rollover of capital gain from qualified stock to other qualified stock. The statutory provision regarding the rollover of capital gain from qualified QHTC stock to other qualified QHTC stock has been eliminated.

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 \$10,000, 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.

FP-332

TAX CREDIT FOR 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. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 2. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 3. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 4. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 5. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 6. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 7. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 8. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 9. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 10. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 11. _____ | _____ | _____ | _____ | \$ _____ | \$10,000. | \$ _____ | \$ _____ | \$ _____ |
| 12. TOTALS | | | | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 13. CURRENT YEAR RETRAINING COSTS AVAILABLE FOR TAX CREDIT | | | | | | | | |

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
 _____ Email 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 10 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);
- c) A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12; or
- d) A holder of a sports wagering license listed in DC Code §36-621.05(b)(1).

HOW AND WHEN TO FILE

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

- 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.

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 5% OF COL. A OR AMOUNT OF COL. B | COLUMN D QHTC ACTIVITIES EMPLOYED ON IN DISTRICT |
|--|--------------------------------|------------|---------------------------------|----------------------------------|----------------------------|--|---|
| 1. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 2. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 3. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 4. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 5. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 6. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 7. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 8. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 9. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 10. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 11. _____ | _____ | _____ | _____ | \$ _____ | \$3,000. | \$ _____ | _____ |
| 12. TOTALS | | | | \$ _____ | | \$ _____ | |
| 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 _____ Date _____
 Company Name _____
 Telephone Number _____ Email 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 47-1807.02 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 10 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);
- c) A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12;
- d) A holder of a sports wagering license listed in DC Code § 36-621.05(b)(1).

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 complete the online QHTC self-certification requirement and attach the following to the Form D-20:

- 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 §47-1807.02, is the lesser of the 5% of the wages paid during the first 24 calendar months of employment to a qualified employee, or \$3,000 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 only for qualified employees hired before October 1, 2019. For qualified employees hired after October 1, 2019, the unused amount of this credit may not be carried forward.

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 | WAGES PAID THIS YEAR | COLUMN A | COLUMN B | COLUMN C | COLUMN D |
|-------------------|--------------------------------|------------|---------------------------------|----------------------|----------|----------------|--|---|
| | | | | | | MAXIMUM AMOUNT | LESSOR OF 50 % OF COL. A OR AMOUNT OF COL. B | 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. | \$ _____ | _____ |
| 12. TOTALS | | | | \$ _____ | | | \$ _____ | |

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 _____ Email 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 47-1807.02 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 10 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);
- c) A business entity located in the DC Ballpark TIF Area, as defined in DC Code §2-1217.12 or;
- d) A holder of a sports wagering license listed in DC Code § 36-621.05(b)(1).

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 complete the online QHTC self-certification requirement and attach the following to the Form D-20:

- 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 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 §47-1817.05, the tax credit for wages paid to qualified disadvantaged employees that is allowed against the tax imposed by District of Columbia Code §47-1807.02 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 not be carried forward.

QUALIFIED HIGH TECHNOLOGY COMPANY
Certification of Gross Revenue

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

WORKSHEET

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. see below | | | | 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) |
|------------------------|---|-----|-----|-----------|--|--|--|
| | 2A. | 2B. | 2C. | 2D. 2E | | | |
| 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).

INSTRUCTIONS FOR 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.