



**IMPORTANT: Please read the instructions on the reverse before completing this form**

Business Name (from your D-20 or D-30 return)	Taxpayer Identification Number (TIN)
Person to contact if there are questions	Daytime telephone number

**No underpayment interest is due and this form should not be filed if:**

- A. Your tax liability on taxable income after deducting DC applicable credits and estimated tax payments is less than \$1001, or
- B. You have made the required periodic DC estimated franchise tax payments and the total is equal to or more than 110% of last year's taxes or 90% of the current year's taxes. Note: In order to use the prior year 110% exception, you must have filed a DC franchise tax return last year and you must have been in business in DC for the entire year.

**Computation of Underpayment Interest**

1	2022 DC franchise tax liability from Forms D-20, or D-30.	\$	
2	Multiply the amount on Line 1 by 90% (.90).	\$	
3	2021 DC franchise tax liability from Forms D-20, or D-30 X 110%.	\$	
4	Minimum estimated tax requirement for tax year 2022 (lesser of Lines 2 and 3).	\$	
5	Multiply the amount on Line 4 by 25% (.25). <i>Note: If your income was not evenly received over 4 periods, see instructions on the reverse of this form on the "Annualized Income" method.</i>	\$	

Due dates shown are for calendar year; for fiscal year, use the 15<sup>th</sup> day of the 4<sup>th</sup>, 6<sup>th</sup>, 9<sup>th</sup> and 12<sup>th</sup> months after the end of the fiscal year.

**Due date of Payments**

1 <sup>st</sup> Period	2 <sup>nd</sup> Period	3 <sup>rd</sup> Period	4 <sup>th</sup> Period
04/15/22	06/15/22	09/15/22	12/15/22

6 Enter the amount from Line 5 or the annualized amount in each period (the 2<sup>nd</sup> period includes the 1<sup>st</sup> period amount, 3<sup>rd</sup> period includes the 1<sup>st</sup> and 2<sup>nd</sup> period amounts, the 4<sup>th</sup> period includes all period amounts).

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Check here  if you are using the "Annualized Income" method.

7 DC estimated taxes paid each period (the 2<sup>nd</sup> period includes the 1<sup>st</sup> period amount, 3<sup>rd</sup> period includes 1<sup>st</sup> and 2<sup>nd</sup> period amounts, the 4<sup>th</sup> period includes all period amounts).

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8 Underpayment each period (Line 6 minus Line 7).

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9 Underpayment Interest Factors.

.0175      .0265      .0262      .0348

10 Line 8 multiplied by Line 9.

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11 Underpayment Interest - Total of amounts from Line 10. Pay this amount.

\$

(See D-2220 instructions).

# Instructions for Underpayment of Estimated Tax by D-20 or D-30 Filers

## Estimated Tax Interest

DC law requires any business that expects its DC franchise tax liability to exceed \$1000 for the tax year to file a declaration of estimated franchise tax using the payment vouchers in:

- D-20ES – Declaration of Estimated Franchise Tax for Corporations; or
- D-30ES – Declaration of Estimated Franchise Tax for Unincorporated Businesses.

The law states that any business required to file and pay estimated tax that fails to pay the amount required by the due date is subject to interest on the underpayment of estimated franchise tax.

### When is interest assessed for Underpayment of Estimated Franchise Tax?

A 10% interest, compounded daily, is assessed if your total DC estimated franchise tax payments compared to your DC franchise tax liability do not equal at least the smaller of:

- 90% of the tax due on your 2022 DC franchise tax return; or
- 110% of the tax due on your 2021 DC franchise tax return (consisting of 12 months).

You must have filed a 2021 DC franchise tax return to use the 110% exception.

A penalty will be assessed if any statement made on an estimated tax payment voucher is not true and accurate to the best of the signatory's knowledge.

### Are there any exceptions?

You are not subject to interest for underpayment of estimated franchise tax if:

- You had no DC franchise tax liability for the tax year 2021 and in that year, you did business in DC for the entire 12 months;
- The franchise tax due for 2022, minus any estimated tax payments, is less than \$1001;
- Your total DC estimated franchise tax payments are equal to or greater than 110% of your 2021 DC franchise tax liability for the entire year; or
- Your remaining tax due after totaling all credits and estimated tax payments is less than 10% of your total DC franchise tax liability for the year.

## When do you use this form?

- You may use this form to calculate your underpayment interest. If you do, attach it to your tax return and enter the underpayment interest on Line 44 of Forms D-20 or D-30. Fill in the oval if the D-2220 is attached. If you do not wish to calculate the interest, OTR will do it when your return is processed and will notify you of the amount due.
- You may also complete this form if you believe the interest amount assessed by OTR for underpayment of estimated franchise tax is incorrect.

### How do you file this form?

Attach it to your return if you complete the form before filing your tax return. If you complete the D-2220 after filing and receiving a notice of interest assessment, send it to:

Office of Tax and Revenue  
1101 4th St SW, 2nd Floor  
Washington DC 20024

## Completing this form

### Line 1

Enter the amount from your 2022 D-20 or D-30.

### Line 2

Multiply the amount on Line 1 by 90% (.90). Your estimated franchise tax payments must be equal to or greater than this amount.

### Line 3

Enter 110% of the amount from your 2021 DC Forms D-20 or D-30. If your 2021 return was amended or corrected, multiply 110% times the corrected amount.

### Line 4

Enter the lesser of the amounts on Line 2 and Line 3. If you did not file a DC franchise tax return for 2021, you may only use Line 2. This is your minimum estimated franchise tax payment for 2022.

### Line 5

Multiply the amount on Line 4 by 25% (.25). This gives you an even distribution of your tax liability over the four periods of the tax year.

### Line 6

Enter the amount required from Line 5 under each of the payment columns. For example, if Line 5 is \$2000, you would enter \$2000 for the 1<sup>st</sup> period, \$4000 for the 2<sup>nd</sup> period, \$6,000 for the 3<sup>rd</sup> period and \$8,000 for the 4<sup>th</sup> period.

**Annualized income method:** If your income was different for each period, determine the percentage for each period (divide the period income by the full year's income). Multiply Line 4 by each period's percentage and enter the amounts earned by period on Line 6. Accumulate the periodic amounts as shown above. Check the "Annualized Income" box.

### Line 7

Enter the amount of estimated franchise tax payments made in each period. Include the amounts from the previous period with the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> periods. For example, if your estimated payment amount is \$1,000 in each period, you would enter \$1,000 in the 1<sup>st</sup> period, \$2,000 in the 2<sup>nd</sup> period, \$3,000 in the 3<sup>rd</sup> period and \$4,000 in the 4<sup>th</sup> period. **Line 8 Underpayment each period**

For each column, subtract Line 7 from Line 6. If Line 7 exceeds Line 6, you have no underpayment interest. If there is an amount remaining, this is your periodic underpayment amount.

### Line 9 Underpayment Interest Factors

These are the underpayment interest factors by period.

### Line 10

For each period, multiply the amount on Line 8 by the factor on Line 9. This is your underpayment interest amount by period.

### Line 11 Underpayment Interest

Add the amounts on Line 10 for each period. This is your total underpayment of estimated franchise tax penalty.

- If you are filing the D-2220 with your D-20 or D-30 return, enter the amount on Line 44 and pay the total amount with the return. Fill in the oval on Line 44 and attach the D-2220 to the return.
- If you are filing the D-2220 form separately, pay the amount you owe and attach to the D-30P Payment Voucher, using the applicable mailing address.

Make the check or money order payable to the **DC Treasurer. Make sure your check or electronic payment will clear. You will be charged a \$65 fee if your check or electronic payment is not honored by your financial institution and returned to OTR.**