

2023

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



2023 FR-900NP

Annual Return for Withholding Reported on Forms 1099 and W-2G Instructions

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

Instructions for FR-900NP

(Rev. October 2023)

Annual Return for Withholding Reported on Forms 1099 and W-2G

Future Developments

For the latest information related to FR-900NP and its instructions, after publishing, go to MyTax.DC.gov.

Reminders

You must be registered and logged on via MyTax.DC.gov to file and pay the FR-900NP. All new entities starting business operations in DC MUST register on MyTax.DC.gov using the new business registration process to complete the FR-500 for business income (corporate or unincorporated franchise), Sales and Use, Withholding Wage or Non-Payroll, etc. Business accounts will not autoregister by filing a return or making a payment.

An Federal Employer Identification Number (FEIN) is required and is the only acceptable tax identification number. Beginning with tax year 2017, a Social Security Number (SSN) is no longer allowed.

You are responsible to ensure that tax returns are filed, and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. You are also required to file even when you submit your payment via ACH Credit.

If your tax professional, financial institution, payroll service, or other trusted third-party makes electronic payments on your behalf, ensure your payments are made by the 20th day of the month for the preceding month.

If there is an overpayment situation, there are two options (1) credit carry forward and (2) send a refund. Select only one option.

If you discover an error on a previously filed Form FR-900NP, make the correction by indicating that it is an amended return.

Do not use the FR-900NP to report wage withholding. Register and report these types of withholdings on Form FR-900Q.

The FR-900P, Payment Voucher for Withholding Tax is available if you do not use an electronic payment method. The non-wage oval must be selected on the FR-900P voucher form. Note that if your payment exceeds \$5,000 per period, you must pay electronically.

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

Electronic Payment options are as follows:

- **ACH Debit.** ACH debit is used for taxpayers who have signed up for MyTax.DC.gov. There is no fee. Bank account information is stored within their online account. MyTax.DC.gov can store multiple bank accounts across multiple tax types. Taxpayers give the right to debit the money from their bank account. Ensure you allow 1-3 business days if entering change of banking information.
- **Credit/Debit Card.** The taxpayer may pay the amount owed using Visa®, MasterCard®, Discover® or American Express®. The taxpayer will be charged a fee that is paid directly to the District's credit card service provider. Payment is effective on the day it is charged.
- **ACH Credit.** ACH credit is for business taxpayers only. There is no fee charged by OTR, but the taxpayer's bank may charge a fee. The taxpayer directly credits OTR's bank account. A taxpayer does not need to be registered to use this payment type, and does not need access to the website. Note: When making ACH credit payments through your bank, use the correct tax type code (00300) and tax period ending date (YYMMDD).

Note: International ACH Transaction (IAT). The District does not support International ACH Transactions (“IAT”) for payments or direct deposit refunds that are remitted to or received from a financial institution outside the territorial jurisdiction of the United States. (The territorial jurisdiction of the United States includes the District of Columbia, US territories, US military bases, and US embassies in foreign countries.) A foreign address is not an indicator of whether the payment or refund is an IAT.

Dishonored Payments - 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 the Office of Tax and Revenue (OTR).

General Instructions

Form FR-900NP is used to report withheld District of Columbia (DC) income tax from non-payroll payments. Non-payroll payments include:

- Pensions (including distributions from tax-favored retirement plans;
- Military retirement;
- Gambling winnings;
- Voluntary withholding on certain government payments;
- Backup withholding.

In addition, the District requires withholding at the highest DC income tax rate (currently 10.75%) for DC residents on lump-sum distributions from retirement accounts or retirement plans but not including:

- (a) Any portion of a lump-sum payment that was previously subject to tax;
- (b) An eligible rollover distribution that is affected as a direct trustee to trustee transfer;
- (c) A rollover from an individual retirement account to a traditional or Roth individual retirement account that is

affected as a direct trustee to trustee transfer. This is applicable for distributions after December 31, 2011.

The terms “retirement account” or “retirement plan” mean:

- a. A qualified employee plan;
- b. A qualified employee annuity plan;
- c. A defined contribution plan;
- d. A defined benefit plan;
- e. A tax-sheltered annuity plan;
- f. An individual retirement account;
- g. Any combination of the plans and accounts listed; or
- h. A similarly situated plan as defined by the Internal Revenue Code.

Report all DC income tax withholding from non-payroll payments or distributions annually on one Form FR-900NP. The system will not allow you to file more than one FR-900NP for any calendar year unless it is an amended return.

OTR requires you to make your payments on a monthly basis, and report on an annual basis. Deposits are due by the 20th day of the following month. If a payment is required to be made on a day that is not a business day, the payment is timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or District legal holiday.

If you go out of business or stop paying wages to your employees during the year, you must file a final return at the time you cease business operations. Indicate your final return by checking the 'yes' box to "Is this your final return?".

When to File Form FR-900NP

For TY2023, file Form FR-900NP by January 31, 2024. File the FR-900NP only once unless you are filing an amended return.

How Should You Complete FR-900NP?

Effective TY2023, all Withholding tax returns must be filed electronically on MyTax.DC.gov.

Taxpayer Identification Number (TIN). You must have a TIN, which is a Federal Employer Identification Number (FEIN), to file an FR-900NP.

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

Preparer Tax Identification Number (PTIN).

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

Withholding Account Number.

The account number must be the number that was provided by OTR when you registered.

Taxpayers are responsible for providing their assigned OTR account number to your tax professional, financial institution, payroll service, or other trusted third-party that are completing your tax return and submitting your payment. Please be sure your third party has your withholding account number in addition to your FEIN. The number must be used to ensure payments are properly applied to your account.

Specific Instructions:

1. Enter the DC income tax withheld this year on non-wage payments (1099/W-2G) for each month. If you did not withhold, leave this line zero.
2. Enter the total payments already made this year. If you did not pay leave this line zero.
3. **Balance Due.** You may pay the amount on Line 3 by EFT, credit card, debit card, check/money order (US dollars). For ACH credit, follow the DC EFT guide available on the website.
4. **Overpayment.** If your payments are more than the amount for the quarter, you must choose to have DC apply it to your next period or issue a refund.

Third-party Designee

If you want to allow an employee, a paid tax preparer, or another person to discuss your FR-900NP with DC, check the 'yes' box to "Are you authorizing an individual to discuss this return with OTR?". Enter the name and phone number of the specific person to speak with – not the name of the firm that prepared your tax return. By checking 'yes' you authorize DC to talk to the person you named (your designee) about any questions we may have while we process your return. You also authorize your designee to do all the following:

- Give us any information that is missing from your return.
- Call us for information about processing your return.
- Respond to certain DC notices that you have shared with your designee about math errors and return preparation. DC will not send notices to your designee.

You are not authorizing your designee to bind you to anything (including additional tax liability) or to otherwise represent you before DC. The authorization will automatically expire one (1) year from the due date for filing your FR900NP. If you or your designee want to terminate the authorization, write to the DC OTR.

Penalties and Interest

OTR will charge:

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

Criminal Penalties You will be penalized under the criminal provisions of the DC Official Code, Title 47 and any other applicable penalties, if you are required to file a return or report, or perform any act and you:

- Fail to file the return or report timely. If convicted, you will be fined not more than \$1,000 or imprisoned for not more than 180 days, or both, for each failure or neglect;
- Willfully fail to file the return or report timely. If convicted, you will be fined not more than \$1,000 or imprisoned for not more than 180 days, or both;
- Willfully attempt to evade or defeat a tax; willfully fail to collect, account for, or pay a tax or willfully make fraudulent or false statements. Corporate officers may be held personally liable for the payment of taxes owed to DC.

Enforcement actions

The OTR may use lien, levy, seizure, collection agencies and liability offset if a taxpayer fails to pay the District within 20 days after receiving a Notice of Tax Due and a demand for payment. Visit www.mytax.dc.gov.

Other DC Forms, Notices and Publication You May Need

- FR-900A, Employer/Payor Withholding Tax – Annual Return
- FR-900Q, Employer/Payor Withholding Tax – Quarterly Return
- FR-900P, Payment Voucher for Withholding Tax
- Electronic W-2 Filing
- WT, Transmittal for Paper Forms W2/1099

Need Assistance?

For questions related to your account name, summary, overpayments or adjustments, please contact our Customer Service Administration by:

1. using the web portal, MyTax.DC.gov;
2. calling 202-759-1946;
3. visiting OTR's Customer Service Walk-Center at 1101 4th Street SW, Suite W270, Washington, DC 20024, Monday through Friday, 9:00am to 4:00pm.