



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

2017 FR-900NP

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

Secure - Accurate - Convenient ...

DISTRICT OF COLUMBIA



ELECTRONIC TAXPAYER SERVICE CENTER

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Instructions for FR-900NP

(Rev. July 2017)

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

Future Developments

For the latest information about developments related to FR-900NP and its instructions, after publishing, go to www.mytax.dc.gov.

What's New

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 OTR.

Reminders

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) will no longer be allowed.

You are also required to file even when you submit your payment via ACH Credit. There is a new option to indicate a third party designee name and phone number.

If there is an overpayment situation, there are two options (1) credit carry forward and (2) send a refund. Select only one option. Failure to select an option or completing both options will result in credit carry forward. Refunds will be issued by paper check once approved.

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 of the month. Note that if your payment exceeds \$5,000 per period, you must pay electronically.

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.

The FR-900B, Employer/Payor Withholding Tax Annual Reconciliation is eliminated.

Tax booklets will no longer be mailed. Instructions and further information may be obtained at www.mytax.dc.gov.

Do not use the FR-900NP to report wage withholding. Register and report these types of withholding on Form FR900Q.

The FR-900P, Payment Voucher for Withholding Tax is available if you do not use an electronic payment method.

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

General Instructions

Form FR-900NP is used to report withheld 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 8.95%) 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 effected 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 effected 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 tax sheltered annuity plan;
- e. An individual retirement account;
- f. Any combination of the plans and accounts listed in a through e above; or
- g. 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. Do not file more than one FR-900NP for any calendar year unless it is an amended return.

You must be registered with the District of Columbia (DC) via the FR-500, Combined Registration Application for Business DC Taxes/Fees/Assessments prior to filing a FR900Q. If you are filing your tax return or paying the DC taxes electronically, a valid federal employer identification number (FEIN) is required at the time the return is filed or the payment is made. If a valid FEIN is not provided, or you are not registered with DC, the return or payment will not be processed. This may result in penalties.

The Office of Tax and Revenue (OTR) expects you will continue to make your payments on a weekly, semi-weekly or monthly basis, and report on an annual basis. Deposits are due by the 20th day of the month. If a payment is required to be made on a day that is not a business day, the payment is considered to be 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 legal holiday.

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. 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.

If you go out of business or stop paying wages to your employees, you must file a final return. Indicate your final return by completing the “if you do not have to file returns in the future, fill in here and enter below date final payments made” located in the right hand corner of the FR-900NP.

You are responsible for filing and submitting the withheld amounts on time. You may file using a computer-prepared or computer-generated substitute form, provided the form is approved in advance by OTR. If mailing the return with a payment, make the check or money order (US dollars) payable to the DC Treasurer. Write your FEIN, withholding account number, FR-900NP, and the tax year on the payment and submit with the FR-900P. If mailing a return send your return and/or payment to:

Office of Tax and Revenue
PO Box 96385
Washington, DC 20090-6385

When To File Form FR-900NP

For 2017, file Form FR-900NP by January 31, 2018. If you file electronically, do not file a paper FR-900NP.

How Should You Complete FR-900NP?

Type or print your FEIN, name and address in the spaces provided. Do not use an SSN or Individual taxpayer identification number (ITIN). Enter the business legal name.

Federal Employer Identification Number (FEIN).

Your business should have only one FEIN. If you do not have an FEIN, you may apply for one online. Go to IRS.gov and enter "EIN" in the search box. If you are filing your tax return electronically, a valid FEIN is required at the time the return is filed. Always be sure the FEIN on the form you file exactly matches the FEIN the IRS assigned to your business.

Withholding Account Number. The account number must be the number that was provided by OTR when you registered. **Omission of the account number will cause delays in processing your return. 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 the withholding tax return.**

Specific Instructions:

1. Enter the DC income tax withheld this year on non-wage payments (1099/W-2G). Do not enter dollar signs and decimal points. Enter dollars to the left of the pre-printed decimal point and cents to the right of it. If you were not required to withhold, leave this line blank.
2. Enter the total payments for the year. Enter dollars to the left of the pre-printed decimal point and cents to the right of it. If you were not required to withhold, leave this line blank.
3. Balance Due. If Line 1 is greater than Line 2, subtract Line 2 from Line 1. **DO NOT MAKE AN ENTRY ON BOTH LINES 3 AND 4.** 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 Line 2 is greater than Line 1, subtract Line 1 from Line 2. If your payments are more than the amount for the quarter, you can choose to have DC apply it to your next return or issue a refund. Check only one box. If you do not check either box or if you check both boxes, we will apply the overpayment to any past due tax account that is shown on your record or apply it to the next period.
5. Enter monthly summaries of amounts withheld during the year. Enter dollars to the left of the pre-printed decimal point and cents to the right of it. If you were not required to withhold, leave this line blank.
6. Sign. Complete all information and sign FR-900NP. A paid preparer must sign FR-900NP and provide the information in the Paid Preparer section if the preparer is not an employee of the filing entity. The preparer must give you a copy of the return. If you are a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided.

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. 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 of 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 FR900A. If you or your designee want to terminate the authorization, write to the DC Office of Tax and Revenue.

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 records;

- 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-230, Income Tax Withholding
Instructions and Tables
- D-4, Employee Withholding Allowance
Certificate
- D-4A, Certificate of Non-residence in
DC
- FR-900Q, Employer/Payor Withholding
Tax – Quarterly Return
- FR-900A, Employer/Payor Withholding
Tax – Annual Return
- FR-900P, Payment Voucher for
Withholding Tax
- Electronic W-2 Filing
- WT, Transmittal for Paper Forms
W2/1099