

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF TAX AND REVENUE



January 19, 2022

OTR TAX NOTICE 2022-01

**CLARIFICATION OF INSTRUCTIONS FOR FORM D-30 UNINCORPORATED BUSINESS FRANCHISE
TAX RETURN FOR TAX YEAR 2021
TREATMENT OF SALE OF ASSETS THAT RESULT IN THE TERMINATION OF AN
UNINCORPORATED BUSINESS**

The District of Columbia enacted legislation in 2020 amending D.C. Code § 47-1808.02(1), effective January 1, 2021, that clarified that the taxable income of unincorporated businesses includes gain from the sale or other disposition of any assets, including tangible assets and intangible assets, including real property and interests in real property, in the District, ***even when the sale or other disposition results in the termination of an unincorporated business.*** See Fiscal Year 2021 Budget Support Act of 2020, D.C. Law 23-149 (Act 23-407), §§ 7012 and 7013. (Before January 1, 2021, the gain from the sale of an asset that resulted in the termination of an unincorporated business was reported on the owner's individual tax return and not on the unincorporated business' tax return.)

Due to a technical error, the printed version of the booklet for the 2021 D-30 - Unincorporated Business Franchise Tax Returns did not update this instruction and included language that this gain should be reported on the owner's individual return. OTR will publish updated instructions for the 2021 D-30 - Unincorporated Business Franchise Tax Returns on [OTR's homepage](#). **OTR will not be printing new booklets or instructions.**

This notice serves to put taxpayers, tax preparers, and software vendors, on notice of this error, and urges them to download and only use the updated form and instructions.

For additional information, please contact the OTR's Customer Service Center at 202-727-4829.