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

2003 D-20 Corporate Franchise Tax Forms and Instructions

Secure - Accurate - Convenient ...

DISTRICT OF COLUMBIA
eTSC
ELECTRONIC TAXPAYER SERVICE CENTER

Notice: The DC Council has fully de-coupled from the IRC with respect to Federal Bonus Depreciation and therefore, for DC tax purposes, do not claim bonus depreciation.

File Your Estimated Tax Payments Electronically Today!
www.cfo.dc.gov/etsc

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Late changes and important information is highlighted in red.

Contents

If you need to file any of the following:

- Form FP-31 Personal Property Tax Return
- Form FR-800A or 800M Sales and Use Tax Return (Annual or Monthly)
- Form FR-900A or 900M Employer's Withholding Tax Return (Annual or Monthly)

Call (202) 727-4TAX(4829) or visit our website www.cfo.dc.gov

Send in your original DC return, not a copy. Do not fold your return. Be sure to keep a copy for your records. For one ounce the postage is 49 cents; for two ounces the postage is 60 cents. Extra postage of 23 cents is required for each additional ounce.

How can you contact us?

Talk to representatives

Ask tax questions

Get forms

Attend workshops

Telephone numbers

Customer service
202-727-4TAX(4829)
Representatives are available
to answer your tax questions

Regular hours
8:15 a.m.–4:45 p.m.
Monday–Friday, except holidays

Extended hours
March 31–April 14
8:15 a.m.–6:00 p.m.
Monday–Friday

April 15
8:15 a.m.–8:00 p.m.

Request tax forms by mail
202-442-6546

Request tax forms by fax
202-727-4TAX(4829) (option 1)

Tax Fraud Hotline
1-800-380-3495
Report fraudulent tax activity

Assistance for the hearing/speech-impaired
202-855-1234
(this is the local Relay Service)

Walk-in service centers

Office of Tax and Revenue
941 North Capitol St NE, 1st floor
Ask tax questions, get tax preparation assistance and pick up tax forms

Regular hours
8:15 a.m.–4:30 p.m.
Monday–Friday, except holidays

Extended hours
March 31–April 14
8:15 a.m.–6:00 p.m.
Monday–Friday

April 3 and 10
9 a.m.–1:00 p.m

April 15
8:15 a.m.–8:00 p.m.

Penn Branch
3220 Pennsylvania Av SE
8:15 a.m.–4:30 p.m.
Monday–Friday, except holidays

Internet service

www.cfo.dc.gov
Website of the Office of the Chief Financial Officer
Download current and prior year tax forms, find taxpayer information, DC news and financial reports

Tax forms pick-up locations

MLK Memorial Library
901 G St NW, lobby
Sunday, 1:00–5:00 p.m.
Monday–Thursday 10:00 a.m.–9:00 p.m.
Friday, Saturday 10:00 a.m.–5:30 p.m.

Municipal Center
300 Indiana Av NW, lobby
6:30 a.m.–8:00 p.m.

Office of Tax and Revenue
941 North Capitol St NE, 1st floor
8:15 a.m.–4:45 p.m.

One Judiciary Square
441 4th St NW, lobby
7:00 a.m.–7:00 p.m.

Penn Branch
3220 Pennsylvania Av SE
8:15 a.m.–4:30 p.m.

Recorder of Deeds Building
515 D St NW, lobby
8:30 a.m.–4:30 p.m.

Reeves Center
2000 14th St NW, lobby
7:00 a.m.–7:00 p.m.

Wilson Building
1350 Pennsylvania Av NW, lobby
8:00 a.m.–5:00 p.m.

Tax preparation assistance and seminars

Saturday Income Tax Preparation Days
Free DC individual income tax return preparation services
941 North Capitol St NE, 1st floor
April 3 and April 10
9:00 a.m.–1:00 p.m.

Tax Practitioner's Institute
2004 Tax Filing Season Seminar
941 North Capitol St NE, 4th floor
January 7 and 8
8:30 a.m.–4:00 p.m.

Who must file a Form D-20?

Generally, every corporation must file a Form D-20 (including small businesses, professional, and S corporations) if it is carrying on or engaging in any trade, business, or commercial activity in DC or receiving income from DC sources, including activities in DC that benefit an affiliated entity of the taxpayer.

- Unless the corporation has been granted an exemption. (If you are an exempt organization, and you have unrelated business income, as defined in Internal Revenue Code §512, you must file a Form D-20, by the 15th day of the third month after the end of your tax year. The minimum tax requirement of $100 is applicable.)
- Whether a corporation is carrying on or engaging in a trade or business in DC is determined by the nature and extent of the corporation's activities in DC conducted by its own employees or through agents or other representatives.
- Corporate general and limited partners of a partnership that files a Form D-30 Unincorporated Business Franchise Tax Return are considered to be engaging in a trade or business and are required to file a Form D-20. Use Line 24 (Other Deductions) to deduct the corporate partner's distributive share of income on which the unincorporated business paid tax.

If you perform services for subsidiary corporations, you are carrying on a trade or business. Dividends you receive from subsidiaries are business income subject to taxation.

A corporation is also required to file a Form D-20 if it:

- has or maintains an office, warehouse, or other place of business in DC; or
- has an officer, agent, or other representative with an office or other place of business in DC.

The words "trade or business" do not include sales of tangible personal property by a corporation if the corporation:

- does not have or maintain an office, warehouse, or other place of business in DC;
- does not have goods in DC in a warehouse or on consignment (or similar agreement); and
- does not have an officer, agent, or other representative with an office or other place of business in DC.

A corporation that engages an independent agent or representative who solicits orders in DC for more than one principal and who holds himself/herself out as such must file a DC Form D-20.

Treat income from sales of tangible personal property to the United States Government as income from a DC source unless:

- the corporation's principal place of business is outside DC;
- the property is delivered from outside DC; and
- the property is for use outside DC.

It is not necessary for a corporation to have an office or other place of business in DC in order to be required to file a DC franchise tax return. You must file a D-20 return if:

- you derive income from work done or service performed within DC;
- you derive income from any type of activity in DC, including sales of tangible personal property; or
- you receive income from DC sources.

An organization recognized as exempt from DC taxes must, in order to maintain its tax-exempt status, send a copy of its IRS Form 990, 990PF, or 990EZ to: Office of Tax and Revenue, PO Box 556, Washington DC 20044-0556.

When and where should you file your Form D-20?

You must file your return and pay any tax due by March 15th, if you are a calendar year filer; and by the fifteenth day of the third month after the tax year closes, if you are a fiscal year filer. If the due date falls on a Saturday, Sunday, or legal holiday, the return is due the next business day.

Mail the return and payment to the Office of Tax and Revenue, PO Box 601, Washington DC 20044-0601. Make the check or money order payable to the DC Treasurer. Write your FEIN, D-20, and the tax year on the payment.

Extension of time to file
You may request an extension of time to file your return by filing DC Form FR-128 (copy included) by the return due date. You must pay any tax liability with the extension request, otherwise, the request will be denied. Do not use the federal extension form for DC tax purposes.

How can you avoid Penalties and Interest?

To avoid penalties and interest, file your return on time
OTR will charge a 5% per-month penalty for failure to file a return or pay any tax due on time. The penalty is calculated on the unpaid tax for each month or part of a month that the return is not filed or the tax is not paid. The maximum penalty is an additional amount equal to 25% of the tax due.

You will be charged interest of 10% per year, compounded daily, on any tax not paid on time. Interest is calculated from the due date of the return to the date when the tax is paid. Interest on any underpayment of tax will accrue even if you have an extension to file your return.

Underpayment penalties
In addition to penalties for filing late, there are penalties for *underpayment* due to *negligence*, substantial *understatement* of franchise tax liability, and substantial valuation *misstatement.*

- *Negligence* means failure to make a reasonable attempt to comply with tax provisions or failure to exercise ordinary and reasonable care in return preparation without intent to defraud.
- A *substantial understatement* of franchise tax liability occurs when the understatement is more than the greater of 10 percent of the tax required on the return for the tax year or $4,000. The penalty is an additional amount equal to 20 percent of the portion due to negligence.
- A *valuation misstatement is substantial*, if the correct valuation differs by 200 percent or more from the amount shown on the return. This penalty is an additional amount equal to 20 percent of the underpayment.
- A *valuation misstatement is gross* if the correct valuation differs by 400 percent or more from the amount on the return. This penalty is an additional amount equal to 40 percent of the underpayment due to the misstatement.

Underpayment of estimated tax
OTR will charge 10 percent per year, compounded daily on underpayments of estimated franchise tax installment payments.

The charge is computed from the installment payment due date to the date when the payment is made. It is in addition to the penalty imposed for false statements. **This charge will be assessed automatically by OTR's integrated tax system.**

Paid tax preparer penalty
OTR charges a penalty when tax liability is understated. Penalties are assessed if a paid tax preparer: prepares a return or refund claim based on an unrealistic position; should have known the applicable law or regulation; does not adequately disclose relevant facts for the position; willfully attempts to understate tax liability; or fails to sign a return or refund claim. Penalties range from $50 to $1,000 for each return or refund claim.

Charge for dishonored checks
You will be charged $65 if your check is returned to us.

Fraud penalty
If OTR finds that part of an underpayment is due to fraud, it will presume the entire underpayment is due to fraud. You have the burden of proof to show that it is not due to fraud. If any part of an underpayment of tax is due to fraud, OTR will add a 75 percent penalty to your tax liability.

What other DC forms may corporations need to file?

Qualified high technology companies (QHTC)
If you are a QHTC, you may be eligible for additional credits. You need to file the supporting forms to be eligible for these credits. For forms and details, see the pamphlet FR-399 Qualified High Technology Companies. This is available at www.cfo.dc.gov. If you are a QHTC, fill in the QHTC oval on page 1 of the Form D-20.

Consolidated Returns
Corporations in an affiliated group, as defined in IRC §1504(b), may file a Form D-20 and report the consolidated DC taxable income of all group members. If a group has elected to file a federal consolidated return and their election is revoked or terminated, the DC election will automatically be revoked or terminated. In tax years after a group files a consolidated return, any corporation with income from DC sources that becomes a group member is deemed to have waived any objection to filing a consolidated DC return. All affiliated group members are jointly and severally liable for the taxes, interest, and penalties that apply to the group. OTR may require a consolidated DC return to prevent tax evasion or to properly reflect the taxable income attributable to business group members conducted in DC.

If a corporation belongs to an affiliated group for part of a year, include its DC income during the time it belonged.

To file a DC consolidated return, the affiliated group must:
- File a federal consolidated return under IRC §1501.
- Complete Forms D-20 C, Election to File a Consolidated Corporation Franchise Tax Return and D-20 AG, Affiliated Group Schedule. Each subsidiary member of a DC affiliated group must have income from DC sources and complete a Form D-20 CS, Authorization and Consent of a Subsidiary Corporation. These are included in this booklet for your convenience. Attach the forms to your D-20 return.

A company claiming QHTC tax benefits *cannot* be part of a DC consolidated tax return.

Eliminate all intercompany transactions before determining DC apportionment factors. An intercompany transaction is one between corporations belonging to the same DC affiliated group immediately before and after the transaction. Use IRC regulations under §1.1502 et seq. and interpretations about intercompany transactions to determine the DC affiliated group's taxable income.

Any deferred gain, loss or deduction from a prior transaction with a DC affiliated group member becomes taxable if that member ceases membership in the group or the asset is transferred to a corporation that is not a member of the DC group.

Prepare all supplementary and supporting schedules in column form, one column for each corporation. On the supporting schedules, include columns for: totals of like items before adjustments are made; intercompany eliminations and adjustments; and totals of like items after giving effect to eliminations and adjustments.

If you file a DC consolidated return, fill in the consolidated return oval on page 1 of the D-20. Using D-20 AG provide a list of all DC affiliates in the consolidated filing group and their Federal Employer Identification Numbers (FEIN). Attach the D-20 AG to the D-20. List separate computations for Lines 1 - 36 for each affiliate. The separate computation should reflect the elimination of intercompany transactions.

Definition of terms

Business income
This is income arising from transactions and activities in the regular course of the taxpayer's trade or business. It includes income from tangible and intangible property if the acquisition, management and disposition of the property are part of the taxpayer's regular trade or business operations. Income of any type — manufacturing income, compensation for services, sales income, interest, dividends, rents, royalties, gains, operating and non-operating income from any class or from any source — is business income if it arises from transactions and activities occurring in the regular course of a trade or business. Whether income is business or non-business depends on the underlying transactions and activities — the elements of a particular trade or business. In general, all transactions and activities that depend on or contribute to the operation of your economic enterprise as a whole constitute your trade or business. Transactions and activities are those arising in the regular course of business and constituting integral parts of the trade or business.

Commercial domicile
The principal place from which you direct or manage your trade or business.

Compensation
Wages, salaries, commissions and other forms of remuneration paid or accrued to employees for personal services.

Non-business income
All income except business income.

Transportation company
Any business engaged in transporting persons, goods, or property of others for hire.

Sales
All gross receipts, including dividends, interest and royalties, which are not required to be allocated.

Taxable in another state

For purposes of allocation and apportionment of income between DC and other jurisdictions, you must be subject to:

- a net income tax, a franchise tax measured by net income;
- a franchise tax for the privilege of doing business; or
- a corporate stock tax in that other state.

General Instructions

IMPORTANT

Special rules on depreciation

OTR does not allow the 30% or 50% federal bonus depreciation. For federal tax purposes, businesses are eligible to deduct this bonus depreciation. You may not claim this bonus depreciation for DC tax purposes.

Office of Tax and Revenue rulings

On July 1, 2002, the Office of Tax and Revenue (OTR) announced that it was reviewing rulings related to certain taxes. These included: income tax; franchise tax; personal property tax; sales tax; gross receipts tax; and employee withholding tax. The review did not include: excise tax, real property or tax-exempt status.

From July 1, 2002–December 31, 2002, OTR reviewed letter rulings and any OTR rulings submitted by taxpayers who received a ruling and intended to use it for tax years beginning after December 31, 2002. Generally, rulings not submitted to OTR were revoked as of December 2002. Direct any questions to OTR, General Counsel at (202) 442-6500 or by email to OTRRuling@dc.gov.

Net operating loss (NOL) carrybacks

DC does not allow NOL carrybacks. For federal tax purposes, businesses are allowed to carry back a NOL to each of the five tax years before the tax year of the loss. You may not claim this carryback for DC tax purposes.

Amended returns

You must use the Form D-20 for the year you are amending. If the return is for 2001 or later, fill in the Amended Return oval. Complete the Tax Year Ending box. Attach a detailed statement of adjustment(s). Note: Form D-2030X is obsolete for tax years after 2000.

If the IRS adjusts your federal return or if you file an amended federal return, you must file a separate amended DC return within 90 days. If the federal adjustment results in a DC tax refund, you must file for the refund within 180 days.

Mail the amended return and attachments to the Office of Tax and Revenue, PO Box 601, Washington DC 20044-0601.

Refund offset

If you have other DC tax liabilities, we may apply all or part of any overpayment to them.

Estimated tax payments

A corporation must file a declaration of estimated franchise tax if it expects its DC franchise tax liability to exceed $1000 for the taxable year. See the Form D-20ES estimated franchise tax for corporations package for details.

Corporate tax rate and minimum tax

The tax rate is 9.975% on your "total District taxable income" from line 36. The minimum tax is $100.

Incomplete forms will delay processing

Complete all items on the Form D-20 otherwise; OTR will send the return back to you to complete and resubmit.

Taxable year beginning and ending

Enter your taxable year beginning and ending in the areas provided on page 1. It can be either a calendar year or a fiscal year. If this is your final return, also fill in the appropriate oval on page 1.

NAICS Business Activity Code

Please refer to the FR-500, Combined Business Tax Registration Application for a listing of business codes. You may also visit our website – www.cfo.dc.gov to view FR-500 and the business activity codes. Please fill in this information on page one of your return.

All entries on the return and attachments are dollars only

Enter only whole dollar amounts on the tax forms and schedules. Do not enter cents.

Help us identify all of your forms and attachments

Write your FEIN, tax period, business name and address on any statements submitted separately. The FEIN is used for tax administration purposes only.

Signature and verification

An authorized officer of the corporation must sign the return. A receiver, trustee, or assignee must sign any return that he/she is required to file for the corporation. Any person who prepared the return for compensation must also sign the return and provide the necessary identification numbers. If a firm or corporation prepares a return, it should be signed in the name of the entity. The signature requirement does not apply when a taxpayer's regular employee prepares the return.

Forms

An easy and fast way to get forms is by downloading them from our web site. Go to www.cfo.dc.gov, then click on Taxpayer Service Center, then click on Tax Forms and Publications.

Tax fraud hotline

Anyone suspecting tax fraud is encouraged to report this activity to the Tax Fraud Hotline at 1 800-380-3495 or by e-mail at TaxFraudHotline@dc.gov.

Specific Instructions

Negative amounts

If you enter a negative amount on a line, fill in the oval to the left of the entry blocks.

Allocation and apportionment required

Any corporation carrying on a trade or business in DC and other jurisdictions must apportion its business income between DC and the other jurisdictions. All non-business income must be allocated, see below.

Apportion DC net income from trade or business activities using the appropriate apportionment formula, see D-20 Schedule F.

Non-business income allocation

Non-business income

Allocate items of non-business income to DC. The following gains and losses from sales or other dispositions are allocated to DC:

- real property located in DC (other than realty used in the trade or business whether held for sale or otherwise)

- tangible personal property (other than any tangible personal property used in the trade or business whether held for sale or otherwise) if:
  - the property had a situs in DC at the time of sale; or
  - your principal place of business is in DC and you are not taxable in the situs state.
- intangible personal property (other than intangible personal property of any kind used in the trade or business whether held for sale or otherwise) are allocable to DC if the taxpayer's principal place of business is in DC.

Allocate net rents and royalties from real property located in DC to DC.

Allocate non-business interest and dividends derived from sources in DC to DC unless specifically excluded from taxation and subject to apportionment as business income.

Allocate to DC, non-business rents and royalties from patents, copyrights, trademarks, service marks, secret processes and formulas, franchises and other like property (if not used in the trade or business). These royalties are allocated according to the patent's location or use, or where the copyrighted material is published or used. If DC is the principal place of business of a corporate entity, not subject to tax anywhere else, then the rent or royalty income is allocable to DC.

Income from the sale of tangible personal property to the United States Government by a corporation that has its principal place of business outside DC is income from DC sources if the property is delivered from outside DC for use in DC.

All other non-business income derived from sources in DC is allocable to DC.

Where income is allocable between DC and other jurisdictions allocate all expenses, losses, and other deductions incurred in the production of the income in the same way. Losses incurred in the production of non-business income are allowable if the transaction's profits would be taxable.

Gross Income

D-20, page 1, line-by-line

Line 1 Gross receipts, minus returns and allowances
Enter the total gross receipts from sales and operations, minus returns and allowances.

Line 2 Cost of goods sold and/or operations
Enter the figure from Schedule A, Line 7. If the production, manufacture, purchase, or sale of merchandise is an income-determining factor in the trade or business, you must take inventories of merchandise at the start and end of the tax year. You may value them at cost or cost or market, whichever is lower; or by another IRS-approved method. You must continue to use the inventory method you choose until you get permission to change from OTR. If the inventories do not agree with the balance sheet figures, attach a statement explaining the reason for any difference.

Cost of operations (where inventories are not an income–determining factor): If the amount entered on Line 2, page 1, includes an amount applicable to the cost of operations, attach a statement showing: (1) salaries and wages; and (2) other costs in detail.

Line 3 Gross profit from sales and/or operations
Line 1 minus Line 2. Enter the result here.

Line 4 Dividends
Enter the total of all dividends reported on Schedule B, Page 3. Do not include Subpart F income (as defined in IRC §952); and dividends from wholly-owned subsidiaries.

Include all dividends from sources outside DC that are not trade or business income on Line 29(a). Dividends that corporations, financial institutions, or investment firms receive are business income not subject to allocation. Do not include interest paid on obligations or securities issued by the United States or its instrumentalities, if this is non-business income.

Dividends received from the following corporations with their principal place of business in DC are non-business income:
- Corporations subject to this franchise tax;
- Insurance corporations, including bonding companies and real estate title insurance companies; and
- Banks, if the bank dividends were paid to a bank-holding company.

Line 5. Interest
Enter all interest which the corporation received or is credited with during the tax year, including interest paid on obligations of a State, Territory of the United States, or any of their political subdivisions, except those of DC.

Exclude interest income on obligations or securities issued by the United States or its instrumentalities if it was included in federal gross income.

Interest received by a corporation not engaged in a trade or business in DC is not considered income from DC sources if the interest is from one of these organizations with a principal place of business in DC:
- Corporations subject to this franchise tax;
- Insurance corporations, including bonding companies and real estate title insurance companies; and
- Banks, if the bank dividends were paid to a bank-holding company.

Report this non-business interest income on Line 29(a). When interest income is related to trade or business activity carried on or engaged in, in DC enter it on Line 5, do not enter it on Line 29(a).

Line 6 Gross rental income
Enter the gross amount you received from real or personal property rental.

Enter rental income related to a trade or business on Line 6, do not enter it on line 29(a).

Note: DC does not allow the 30% federal bonus depreciation allowed under federal law. If you claimed the 30% bonus depreciation on your federal return, reduce the depreciation you claim on the D-20 by that amount. Attach a computation showing that your DC claimed depreciation does not include the bonus depreciation and that the basis of the depreciated property for DC tax purposes has not been reduced by the 30% bonus depreciation amount.

Line 7 Royalties
Report royalty income and related expenses in the same manner as rental income and rental expenses. Royalties from patents you

developed from the licensing of processes or a trade name and sales of know-how are business income.

Line 8(a) Net Capital Gain (Loss)
Capital gains or losses are treated in the same manner as they are for federal corporation income tax purposes. (See detailed instructions on federal Schedule D, Form 1120, Corporation Income Tax Return.) IRC 1231 gains are business income.

Note: Since the 30% federal bonus depreciation is not allowed for DC tax purposes, recalculate the capital gain/loss you reported on your federal return without taking into account the 30% federal bonus depreciation. Attach a statement showing the adjustment.

Line 8(b) Ordinary gain (loss) from Part II, Federal Form 4797
Enter the total ordinary gain (or loss) from federal Form 4797 Sales of Business Property. Attach a copy of your Form 4797 to your D-20 return.

Line 9 Other Income
Enter the total income not reported elsewhere on the return; attach a detailed statement. Enter International Banking Facility income on Lines 9 and 29(a); attach a detailed statement listing the source of this income. Do not enter other income related to a trade or business on Line 29(a); enter it on line 9.

Line 10 Total gross income
Add lines 3 through 9.

Deductions

You are allowed ordinary and necessary deductions if the income they are related to is subject to the DC corporation franchise tax; and subject to IRC limitations either directly or through the inclusion of this income in the determination of the DC apportionment factor.

Line 11 Compensation of officers
Enter the total compensation for all officers shown on Schedule C, page 3. Include compensation for services rendered in any other capacity, except salaries connected with the production of income from U.S. Treasury securities included on Line 29(b).

Line 12 Salaries and wages
Enter all salaries and wages not deducted elsewhere on the return (except salaries connected with the production of income from U.S. Treasury securities). Do not include wages used to compute the Economic Development Zone incentives credit.

Line 13 Repairs
Enter the cost of incidental repairs, including labor, supplies, and other items that do not add to the value or appreciably prolong the property's life. You may charge to a capital account, expenditures for new buildings, machinery, equipment and/or permanent improvements or betterments that increase the value or appreciably prolong the life of the property.

Line 14 Bad debts
Report bad debts in the same manner as you report them for federal tax purposes. Attach a copy of the information you submitted with your federal return.

Line 15 Rent
Enter rent paid or accrued for business property in which the corporation has no equity. If any property is leased from an affiliated corporation, or from one of the stockholders, give the lessor's name and address, rent paid and a description of the property rented.

Line 16 Taxes
Any taxes reported on federal Form 1120 must be reported on page 3 of Schedule D Form D-20. Do not include these taxes:
- Income and excess profit taxes;
- DC franchise tax; and
- Taxes assessed for local benefits of a kind tending to increase the value of the property assessed.

Line 17 Interest
Enter interest paid or accrued on business debt. If any interest income is not taxable, then the related interest expense is not deductible.

Line 18 Contributions or gifts
Enter contributions or gifts made in the tax year if no part benefits any private stockholder or individual. This deduction may not exceed 15% of the net income of the business (Line 26) before deductions are made. Attach detailed information about contributions and gifts in a separate statement. Contribution carry-overs are *not* allowed.

Line 19 Amortization
Enter the amortization amount from your federal Form 4562 Depreciation and Amortization. Attach a copy of your Form 4562.

Line 20 Depreciation
Enter the depreciation amount from your federal Form 4562. The depreciation allowance does not apply to inventories, stock-in-trade, or land. You must use the same depreciation method on your DC return as that used on your federal return. Attach a copy of your Form 4562 to your Form D-20.

Note: If you claimed the 30% or 50% federal bonus depreciation reduce the amount you claim her by that amount. Attach a computation showing the reduction.

A QHTC may deduct certain depreciable assets by the lesser of $40,000 or the property's actual cost, including leasehold improvements described in IRC 179(d)(1).

Line 21 Depletion
Enter the depletion amount shown on your federal form. Attach an explanation of how you determined the depletion allowance.

Line 22 Advertising
Enter the amount paid or incurred during the year for ordinary and necessary advertising that bears a reasonable relationship to the business activities.

D-20 page 2, line-by-line

Line 23 Pension, profit-sharing plans
Enter the amount of contributions made to employees' pension, profit sharing, stock bonus and annuity plans. These are deductible to the same extent as they are on your federal return.

Line 24 Other deductions
Enter other deductions that are allowed by law and connected with the business of income production, subject to the corporation

franchise tax. Enter deductions connected directly and indirectly with non-business income production, as well as International Banking Facility deductions, on Line 29(b). Identify and explain them in a detailed attachment.

Note: Relocation costs incurred are not deductible if QHTC credits are taken.

Line 26 Net Income
Subtract Line 25 from Line 10; enter the amount here.

Line 27 Net operating loss deduction
Enter any District net operating loss carried forward from a year before 2000. DC does not allow net operating loss carrybacks.

Line 28 Net Income after net operating loss deduction
Add Lines 26 and 27 and enter it on this line. Also enter the amount on Line 35 if it is entirely from a DC trade or business.

Line 29(a) Non-business income
Enter non-business income on Line 29(a).

Line 29(b) Expense related to non-business income
Enter expenses related to non-business income. Include expenses connected with the purchase or production of income from U.S. Treasury securities on Line 29(b). Attach a detailed explanation of income and expense allocation.

Lines 30-34
Follow the instructions on the form.

Line 35 Apportioned NOL deduction
Enter any DC apportioned net operating loss carry-forward from loss year 2000.

Line 38
If line 38(b) includes any credit brought forward from a year before 2002, attach an explanation to your D-20 return.

Lines 39-43
Follow the instructions on the form.

Line 44 Retraining costs credit
Report this credit from Form D-20 CR, Business Tax Credits, Part G, line 5. See our website, www.cfo.dc.gov for a copy of this form which is in Publication FR-399, Qualified High Technology Companies.

Line 45 Credit to 2004 estimated franchise tax
Enter the amount of your refund you want credited to the year 2004 estimated franchise tax.

Line 46 Amount to be refunded
Add Lines 43 and 44; subtract Line 45; enter the amount here.

Form D-20 schedules

Schedule E – Reconciliation of the Net Income Reported on Federal and DC Returns
Complete this schedule to explain any differences between the net income reported on your federal return and that reported on your D-20.

Schedule F – DC Apportionment Factor
Corporations engaging in a trade or business both in and outside DC must use property, payroll and sales as the three factor formula to apportion their business income. Corporations domiciled in DC and not subject to tax elsewhere must report 100% of their net business income as DC income and allocate 100% of their non-business income to DC.

Corporations carrying on a trade or business in DC and in other jurisdictions must apportion trade or business income to DC. Multiply the total income by a fraction. The numerator is the property factor plus the payroll factor plus the sales factor. The denominator is three, reduced by the number of any factors with no denominators.

Financial institutions must use a two-factor formula, determined by multiplying the financial institution's base (net income for the tax year) by an apportionment fraction. The numerator is the sum of the payroll factor plus the gross income factor; the denominator is 2.

- **Property Factor**
  - The property factor is a fraction; the numerator is the average value of real and tangible personal property you owned or rented in DC during the tax year. The denominator is the average value of all real and tangible personal property you owned or rented during the tax year. Do not include in the numerator or the denominator any property or portion of property, not used to produce business income.
  - **Transportation companies**, in addition to that stated above, have a numerator which also includes the portion of the average value of vehicles, rolling stock, aircraft, all watercraft and other equipment used during the taxable period to transport persons and property both in and outside DC. This portion is determined by comparing the total miles per unit of equipment traveled in DC compared to the total mileage traveled everywhere by each class of property.
  - **Railroad companies** – the classes of property are those you must report for DC personal property tax purposes (DC Code §47-1512).

    For property used in any activities where the income from which is allocable or apportionable, you may use any method that properly reflects the portion of the average value used to arrive at the property factor. This is subject to the approval of OTR.

    Property you own is valued at its original cost to you plus the cost of any additions and improvements. If you cannot determine your original cost or if the cost is zero, value the property at its market value when you acquired it. Property rented to you is valued at eight times the net annual rental rate. (The annual rental you paid is decreased by any annual rental you received from sub-rentals, provided the rental and sub-rental rates are reasonable.) Net annual rental also includes amounts paid or accrued for property use or rental of facilities of another. This applies whether paid as rent, as reasonable compensation for use or under any other designation, pursuant to statutory enactment, lease, or rental agreement of any kind, contract, or otherwise. Do not include payments for leased property capitalized for federal tax purposes as rent. You may only include these payments in this factor to the extent of their capitalized value for federal tax purposes. If OTR determines that any net annual rental rate or sub-rental rate is unreasonable, or if a nominal or zero rate is charged, OTR may determine and apply a rental rate that will reasonably reflect the property's rental value.

To determine the property's average value, average the values at the start and end of the tax period. You may use monthly or quarterly values during the tax period, if necessary, to properly reflect the average value of the property (subject to OTR approval).

- **Payroll Factor**

  – The payroll factor is a fraction; the numerator is the total compensation you paid to or accrued for persons performing services in DC during the tax year. The denominator is the total compensation you paid or accrued everywhere during the tax year. However, do not include compensation paid or accrued to employees for personal services rendered in the production of non-business income in either the numerator or denominator. The value of compensation paid or accrued other than in cash is its fair market value on the date of payment or accrual. Do not include payments to independent contractors.

  Transportation companies — the numerator of the payroll factor also includes the total compensation paid or accrued to employees employed on vehicles, rolling stock, aircraft, watercraft and other equipment you used during the taxable period to transport persons and property between DC and other jurisdictions. To determine this, apply the percentage computed (as in the property factor above) to the total compensation.

  If compensation is paid or accrued for services the income from which can be allocated or apportioned, you may use any method that will properly reflect the portion of the average value used to arrive at the payroll factor. This is subject to the approval of OTR.

  Compensation is paid or accrued in DC if:

  - the individual's services are performed entirely in DC; or
  - the individual's services are performed in DC and other jurisdictions, but the services performed outside DC are incidental to the individual's services in DC; or
  - some of the individual's services are performed in DC and:
    (1) the base of operations is in DC or if there is no base of operations in DC, the place from which services are directed or controlled is in DC; or
    (2) the base of operations or place from which services are directed or controlled is not in DC, or in any state where some part of the services are performed, but the individual's residence is in DC.

  Financial institutions — the payroll factor is a fraction; the numerator is the total the financial institution paid or accrued in DC as compensation. The denominator is the total compensation the financial institution paid or accrued everywhere during the tax year. Compensation is paid in DC if it is paid to an employee located or having a regular presence in DC. Any compensation paid to an employee located in a state where the financial institution is not taxable is treated as having been paid in DC, if the institution's principal office is in DC.

- **Sales Factor**

  – The sales factor, except for transportation companies, is a fraction; the numerator is the taxpayer's total sales in DC during the tax year. The denominator is the taxpayer's total sales everywhere during the tax year.

  – **Transportation companies** — the sales factor is a fraction; the numerator is the total revenue units the company first received as originating or connecting traffic at a point in DC. Add to this the total revenue units the company discharged or unloaded at a point in DC, upon termination of the transportation movement or transfer to a connecting carrier. The denominator is twice the total revenue units originated everywhere during the tax year. One ton of freight equals one revenue unit; ten passengers equal one revenue unit. If the company's revenue is predominantly from transportation of passengers, you may use the number of passengers loaded and discharged, in place of originating and terminating tonnage.

  – **Tangible personal property sales**, including sales to the U.S. Government, are considered to take place in DC, no matter where title is transferred, FOB point, or other sales conditions, if the property:
    - is delivered or shipped to a purchaser in DC; or
    - has an ultimate destination in DC, after all transportation (including the purchaser's) is complete; or
    - is delivered or shipped from an office, store, warehouse, factory, or other storage place in DC to a destination outside DC — and you are not taxable in that state.

  – Except for transportation companies, non-tangible personal property sales are considered to take place in DC if the income-producing activity or service is performed:
    - in DC; or
    - the proportion of the income-producing activity or service performed in DC is greater than that performed in any other jurisdiction, based on the performance cost.

  – **Financial institutions** — the sales factor is a gross income factor being a fraction; the numerator is the financial institution's gross income in DC during the tax year. The denominator is the financial institution's total gross income during the tax year.
    - A financial institution whose commercial domicile is in DC and which is subject to tax in another jurisdiction, includes in the numerator of the DC income factor, any income the other jurisdiction does not require to be included in the numerator of its income factor.
    - If the predominant part of the secured property is or will be located in DC, then treat all interest, loan placement fees, discount, net gain, and other forms of gross income from each loan, secured primarily by real estate, as located in DC.
    - If the loan originated in DC, treat all interest, loan placement fees, discount and net gain from unsecured loans, and loans secured primarily by tangible or intangible personal property, or any resulting interest as located in DC.
    - For any financial institution whose commercial domicile is in DC, treat income from securities, investments, money market instruments, or any other source not required to be apportioned to

outside DC, as located in DC. This income includes, but is not limited to, interest, dividends, and net gains.

- Treat all fees, commissions, service charges and other forms of gross income from sales of depository or financial services as located in DC if the service is performed in DC. Include sales or services performed in two or more tax jurisdictions in the numerator of the jurisdiction where the most income-producing activity is performed, based on performance cost.
- If the property is located in DC, treat gross income from leases of tangible property as located in DC.
- If the financial institution's principal office is located in DC, then treat all income (previously described) that is located in a jurisdiction where the financial institution is not subject to tax as being located in DC.

General

If your use of the income allocation and apportionment rules results in a tax that does not fairly represent your tax liability on income from your trade or business or from non-business sources in DC, you may petition for, or OTR may require, if reasonable:

- a separate accounting, unless the entity is conducting a unitary business;
- exclusion of one or more of the factors;
- inclusion of one or more factors that reflect the extent of your trade or business in DC; or
- use of any other method to effect a fair income allocation and apportionment.

Supplemental Information (page 5 of Form D-20)
Provide all the information requested in this schedule.

Schedule G - Balance sheets (page 4 of Form D-20)
Submit balance sheets for the start and end of the tax year. Conform them to the corporation's books and records and your federal return. Attach an explanation of any variation.

Schedule H-1 Reconciliation of income (loss) per books with income (loss) per return and **H-2 Analysis of Unappropriated Retained Earning per Books** (page 5 of Form D-20)
These schedules must conform to the corresponding schedules on the federal form filed for the corporation.

Economic Development Zone Incentives Credit

Supporting Documentation Required If you are claiming an Economic Development Zone Incentives (EDZI) credit against your DC franchise tax liability, you MUST attach to your return:

1. a copy of the DC Council resolution approving the qualification for any credits claimed;
2. a certification of eligible employees issued by the DC Department of Employment Services; and
3. a completed EDZI Credit Worksheet.

The EDZI Amendment Act allows a qualified business, under certain circumstances to take various credits against its franchise tax liability. (The maximum annual credit is $7500.) A qualified business is one that is approved as qualified under Section 5 of EDZI by the DC Office of Economic Development. You MUST complete the worksheet below and include the necessary attachments with your return. The following credits are allowed under EDZI to qualified businesses:

1. a credit against the franchise tax in an amount equal to 50 percent of the wages of all certified employees who meet the requirements of Section 10(b) of EDZI;
2. a credit against the business' franchise tax in an amount equal to 50 percent of the insurance premiums attributable to all employees for whom it obtains employer liability insurance under the District of Columbia Worker's Compensation Act of 1979; and
3. a rent credit for lessors against the business' franchise tax. The credit allowed is the difference between the rental market value of the space leased to a licensed non-profit child care center and the actual rent stated in the lease agreement as indicated in the DC Council resolution approving the qualification of the business. A non-profit child care center is a child development center as defined in Section 10 of EDZI.

A credit carry forward for five years is available for any EDZI credit not used in a previous year. The maximum amount that may be claimed in any year is $7500, including any carry forward.

Economic Development Zone Incentives Credit Worksheet (maximum annual credit is $7,500)

Column 1 - Credit Category	Column 2	Column 3	Column 4
A. Certified employees wages	Total Wages $	50% of Wages Col. 2 x .50 =	$
B. Certified (eligible employees) workers' compensation liability insurance premiums	Total Premiums $	50% of Premiums Col. 2 x .50 =	$
C. Child care center rent (lessor)..........	Rental market value	$	
	Minus rent shown on lease agreement	$	
	Total child care center credit		$
	Total of Column 4 (if more than $7,500, enter $7,500)		$
	Add any EDZI credit carry forward from a previous year		$
	Total EDZI credit (enter on Line 38 (c), Page 2) (maximum $7500)		$

Government of the District of Columbia

2003 D-20 Corporation Franchise Tax Return

0 3 0 2 0 0 1 1 0 0 0 0

Federal Employer I.D. Number

Number of business locations In the District: Outside the District:

OFFICIAL USE

Name of corporation

Taxable year beginning MM/YY Taxable year ending MM/YY

Business address line #1 Fill in if this is your first return or your address is different from last year's return

Fill in if Amended Return

Fill in if Certified QHTC

Fill in if Consolidated Return

Fill in if Final Return

Business address line #2

City State Zip Code

Mailing address line #1

Mailing address line #2

NAICS Code

City State Zip code -

STAPLE CHECK OR MONEY ORDER HERE

•READ INSTRUCTIONS BEFORE PREPARING RETURN•
(Allocate Non-Business Items, see instructions)

Round cents to the nearest dollar.
If the amount is zero, *leave line blank.*

GROSS INCOME

1	Gross receipts, minus returns and allowances		1	$ .00
2	Cost of goods sold (from Schedule A) and/or operations *Attach statement.*		2	$ .00
3	Gross profit from sales and/or operations *Line 1 minus Line 2.*	Fill in if minus:	3	$ .00
4	Dividends *From Schedule B.*		4	$ .00
5	Interest *Attach statement.*		5	$ .00
6	Gross rental income	Fill in if minus:	6	$ .00
7	Royalties *Attach statement.*		7	$ .00
8	(a) Net capital gain (loss) *Attach copy of federal Schedule D.*	Fill in if minus:	8	$ .00
	(b) Ordinary gain (loss) from Part II, federal Form 4797 *Attach copy of your Form 4797.*	Fill in if minus:		$ .00
9	Other income (loss) *Attach statement.*	Fill in if minus:	9	$ .00
10	Total gross income *Add Lines 3Ð9.*	Fill in if minus:	10	$ .00

DEDUCTIONS

11	Compensation of officers *from Schedule C.*	11	$ .00
12	Salaries and wages	12	$ .00
13	Repairs	13	$ .00
14	Bad debts	14	$ .00
15	Rent *(Do not take the 30% or 50% federal bonus depreciation.)*	15	$ .00
16	Taxes *from Schedule D.*	16	$ .00
17	Interest *Attach statement.*	17	$ .00
18	Contributions or gifts *Attach statement.*	18	$ .00
19	Amortization *Attach copy of your federal Form 4562.*	19	$ .00
20	Depreciation *Attach copy of your federal Form 4562. Do not include 30% or 50% federal bonus depreciation.*	20	$ .00
21	Depletion *Attach statement.*	21	$ .00
22	Advertising	22	$ .00

Taxpayer Name:

Federal Employer I.D. Number:

0 3 0 2 0 0 1 2 0 0 0 0

ENTER DOLLAR AMOUNTS ONLY

DEDUCTIONS

23	Pension, profit-sharing plans		23 $ .00
24	Other deductions *Attach statement.*		24 $ .00
25	Total deductions *Add Lines 11–24.*		25 $ .00
26	Net income *Line 10 minus Line 25.*	Fill in if minus:	26 $ .00
27	Net operating loss deduction *(Before year 2000.)*		27 $ .00
28	Net income after net operating loss deduction *Line 26 minus Line 27.*	Fill in if minus:	28 $ .00
29	(a) Non-business income *Attach statement.*	Fill in if minus:	29a $ .00
	(b) Expense related to non-business income *Attach statement.*		29b $ .00
	(c) 29(a) minus 29(b)	Fill in if minus:	29c $ .00

TAXABLE INCOME

30	Net income subject to apportionment *Line 28 minus Line 29(c).*	Fill in if minus:	30 $ .00
31	DC apportionment factor *From Line 5, column 3, Schedule F.*		31 .
32	Net income from trade or business apportioned to DC *Line 30 amount multiplied by Line 31.*	Fill in if minus:	32 $ .00
33	Portion of Line 29(c) attributable to DC *Attach statement.*	Fill in if minus:	33 $ .00
34	Total taxable income *before* apportioned NOL deduction *Line 32 plus or minus Line 33.*	Fill in if minus:	34 $ .00
35	Apportioned NOL deduction *(Losses occurring in 2000 and later.)*		35 $ .00
36	Total District taxable income *Line 34 plus or minus Line 35.*	Fill in if minus:	36 $ .00

TAX

37	**TAX** *9.975% of Line 36. If less than $100, enter $100.*		37 $ .00
38	(a) Tax paid *if any, with request for extension of time to file or paid with original return if this is an amended return.*		38a $ .00
	(b) 2003 estimated franchise tax payments		38b $ .00
	(c) Economic development zone incentives credit from worksheet		38c $ .00
	(d) QHTC credits *Attach DC Form D-20CR.*		38d $ .00
39	Add Lines 38(a), (b), (c) and (d) and enter total		39 $ 00
40	Tax due *Line 37 minus Line 39, if Line 37 is larger.*		40 $ .00
41	Penalty $ ____ Interest $ ____	Total penalty and interest	41 $ .00
42	Total due *Add Lines 40 and 41.*		42 $ .00
43	Overpayment *Line 39 minus Line 37 if Line 39 is larger*		43 $ .00
44	Retraining costs credit *Part G, Line 5, DC Form D-20CR. Do not include any amounts here that are included in Line 38(d).*		44 $ .00
45	Credit to 2004 estimated franchise tax		45 $ .00
46	Amount to be refunded *Line 43 plus Line 44 minus Line 45.*		46 $ .00

PLEASE SIGN HERE

Under penalties of law, I declare that I have examined this return and, to the best of my knowledge, it is correct. Declaration of paid preparer is based on all information available to the preparer.

Officer's signature | Title | Date | Telephone number of person to contact

PAID PREPARER ONLY

Preparer's signature (if other than taxpayer) | Date | Firm name | Firm address

Preparer's FEIN, SSN or PTIN

Do you want to allow the preparer to discuss this return with the Office of Tax and Revenue? If YES fill in oval.

Make check or money order payable to the DC Treasurer. Include your FEIN, "D-20" and tax year on your payment. Mail return and payment to:
Office of Tax and Revenue, PO Box 601, Washington DC 20044-0601, on or before the 15th day of the third month following the close of the tax year.

Round cents to the nearest dollar. If an amount is zero, make no entry.

Schedule A - Cost of Goods Sold (See specific instructions for Line 2)

1. Inventory at beginning of year	$	
2. Merchandise bought for manufacture or sale		
3. Salaries and wages		
4. Other costs per books (attach statement) (add'l 30% federal bonus deprec. is not allowable)		
5. Total	$	
6. Minus: Inventory at end of tax year		
7. Cost of goods sold (enter here and on Line 2, Page 1)	$	

Method of inventory valuation:

Schedule B - Dividends (See specific instructions for Line 4)

NAME AND ADDRESS OF DECLARING CORPORATION	AMOUNT	
Total Dividends		
Minus deduction for Subpart F Income		
Minus deduction for dividends received from wholly-owned subsidary		
TOTAL (enter here and on Line 4, Page 1)	$	

Schedule C - Compensation of officers (See specific instructions for Line 11)

Col. 1 Name, Address and SSN of Officer	Col. 2 Official Title	Col. 3 Time Devoted to Business	Percent of Corporation Stock Owned		Col. 6 Amount of Compensation	Col. 7 Expense Account Allowances
			Col. 4 Common	Col.5 Preferred		
		%	%	%	$	$
		%	%	%		
		%	%	%		
		%	%	%		
TOTAL COMPENSATION OF OFFICERS (also enter on Line 11, Page 1)					$	

Schedule D - Taxes (See specific instructions for Line 16)

EXPLANATION	AMOUNT		EXPLANATION	AMOUNT	
	$			$	
			TOTAL (enter here and on Line 16, Page 1)	$	

Schedule E - Reconciliation of the net income reported on federal and DC returns

1. Taxable income before net operating loss deduction and special deductions (Page 1 of your Federal corporate return)	$		7. Total District taxable income reported (from Line 36, Page 2)	$	
UNALLOWABLE DEDUCTIONS AND ADDITIONAL INCOME			NON-TAXABLE INCOME AND ADDITIONAL DEDUCTIONS		
2. Income taxes (see specific instructions for line 16)					
3. DC income taxes and franchise taxes imposed by DC Revenue Act of 1947, as amended			8. Net income apportioned or allocated outside DC		
4. Interest on obligations of states, territories of the U.S. or any Political Subdivision thereof			9. Other non-taxable income and additional deductions (itemize):		
5. Other unallowable deductions and additional income (itemize) (unallowables include the 30 and 50% fed bonus depreciation)					
(a) ______			(a) ______		
(b) ______			(b) ______		
6. TOTAL (Lines 1–5)	$		10. TOTAL (Lines 7, 8 and 9)	$	

Schedule F - D.C. Apportionment Factor (See instructions under Form D-20 schedules)

Carry all factors to six decimal places

Round cents to the nearest dollar. If an amount is zero, leave the line blank.	Column 1 TOTAL	Column 2 in DC	Column 3 Factor (Column 2 divided by Column 1)
1. **PROPERTY FACTOR:** Average value of real estate and tangible personal property owned or rented to and used by the corporation (Financial institutions do not complete this item)	$ .00	$ .00	.
2. **PAYROLL FACTOR:** Total compensation paid or accrued by the corporation	$ .00	$ .00	.
3. **SALES FACTOR:** All gross receipts of the corporation other than gross receipts from non-business income	$ .00	$ .00	.
4. **SUM OF FACTORS:** (Add Column 3)			.
5. **DC APPORTIONMENT FACTOR:** Line 4 divided by the number 3: or 3 reduced by the number of factors without a denominator. Note: Financial institutions using a two-factor formula should divide Line 4 by the number 2. (Enter on Line 31, page 2, D-20.)			.

Schedule G - Balance Sheets

		Beginning of Taxable Year		End of Taxable Year	
		(A) Amount	(B) Total	(A) Amount	(B) Total
ASSETS	1. Cash				
	2. Trade notes and accounts receivable				
	(a) MINUS: Allowance for bad debts				
	3. Inventories				
	4. Gov't obligations: (a) U.S. and its instrumentalities				
	(b) States, subdivisions thereof, etc.				
	5. Other current assets (attach statement)				
	6. Loans to stockholders				
	7. Mortgage and real estate loans				
	8. Other investments (attach statement)				
	9. Buildings and other fixed depreciable assets				
	(a) MINUS: Accumulated depreciation				
	10. Depletable assets				
	(a) MINUS: Accumulated depletion				
	11. Land (net of any amortization)				
	12. Intangible assets (amortizable only)				
	(a) MINUS: Accumulated amortization				
	13. Other assets (attach statement)				
	14. TOTAL ASSETS				
LIABILITIES AND CAPITAL	15. Accounts payable				
	16. Mortgages, notes, bonds payable in less than 1 year.				
	17. Other current liabilities (attach statement)				
	18. Loans from stockholders				
	19. Mortgages, notes, bonds payable in 1 year or more				
	20. Other liabilities (attach statement)				
	21. Capital stock: (a) Preferred stock				
	(b) Common stock				
	22. Paid-in or capital surplus (attach statement)				
	23. Retained earnings - Appropriated (attach statement)				
	24. Retained earnings - Unappropriated				
	25. MINUS: Cost of treasury stock		( )		( )
	26. TOTAL LIABILITIES AND CAPITAL				

Schedule H-1 - Reconciliation of Income (Loss) per Books With Income (Loss) per Return

1. Net income per books.	$	7. Income recorded on books this year and not included in this return (itemize) (a) Tax-exempt interest $______________	$	
2. Federal income tax				
3. Excess of capital losses over capital gains . .				
4. Taxable income not recorded on books this year (itemize)		8. Deductions on this tax return and not charged against book income this year (itemize) (a) Depreciation . . . . . $ ______________ (b) Depletion . . . . $ ______________		
5. Expenses recorded on books this year and not deducted on this return (itemize) (a) Depreciation . . . . . . $______________ (b) Depletion . . . . $______________		9. TOTAL of Lines 7 and 8	$	
6. TOTAL of Lines 1 through 5.	$	10. Income (line 28, page 1 of federal Form 1120) (Line 6 minus Line 9)	$	

Schedule H-2 - Analysis of Unappropriated Retained Earnings per Books

1. Balance at beginning of year	$	5. Distributions: (a) Cash	$	
2. Net income per books		(b) Stock		
3. Other increases (itemize)		(c) Property		
		6. Other decreases (itemize)		
		7. TOTAL of Lines 5 and 6.	$	
4. TOTAL of Lines 1, 2 and 3	$	8. Balance at end of year (Line 4 minus Line 7). .	$	

Supplemental Information

1. STATE OR COUNTRY OF INCORPORATION	2.(a) DATE OF INCORPORATION	2.(b) DATE BUSINESS BEGAN IN DC	3. IRS SERVICE CENTER WHERE FEDERAL RETURN WAS FILED FOR PERIOD COVERED BY THIS RETURN:
4. THE CORPORATION'S BOOKS ARE IN CARE OF		5. LOCATED AT	

6. During 2003, has the Internal Revenue Service made or proposed any adjustments to your federal income tax returns, or did you file any amended returns with the IRS? YES NO If "YES", please submit separately a detailed statement, unless previously submitted, to the address shown in the General Instructions.

If previously submitted, detailed statement was submitted on (MM/DD/YYYY):

7. Is this corporation affiliated with a partnership or another corporation? YES NO If yes, explain:

8. Is this return made on the accrual basis? YES NO If no, indicate basis used: Cash Basis Other (specify)

9. Did you file a franchise tax return with DC for the year 2002? YES NO If no, state reason

10. Did you withhold DC income tax from wages paid to your DC resident employees during 2003? YES NO If no, state reason:

11. Have you filed annual information returns, federal forms 1096 and 1099, pertaining to payment of dividends and interest for 2003? YES NO

12. (a) Has the business been terminated? YES NO If yes, explain and give date:

(b) Have you moved out of DC? YES NO

Government of the District of Columbia

2003 FR-128 Extension of Time to File DC Franchise or Partnership Return

0 3 1 2 8 0 1 1 0 0 0 0

Federal Employer I.D. Number

Social Security Number (if self-employed)

OFFICIAL USE

Business Name

Taxable year beginning MM/YY

Taxable year ending MM/YY

Business mailing address line #1 Fill in ○ if this is your first return or if your address is different from last year's return.

Business mailing address line #2

City

State

Zip code

Submit this form with your payment of any tax due as shown on Line 6 below.

1 A 6-month extension of time to file until ________________ 15, 2004, for the calendar year 2003, or a 6-month extension of time to file until _________________, ____________, for a fiscal year ending _________________, ____________, is hereby requested for the following return (fill in one):

○ Corporation Franchise Tax Return, Form D-20

○ Unincorporated Business Franchise Tax Return, Form D-30

○ Partnership Return of Income, Form D-65

ENTER DOLLAR AMOUNTS ONLY

2	Total Tax Liability for the Period	2 $ .00
3	Estimated Franchise Tax Payments *(include any overpayment credit)*	3 $ .00
4	Other payments	4 $ .00
5	Total payments and credits *(Add Lines 3 and 4)*	5 $ .00
6	Balance due *(Line 2 minus Line 5). Payment in full must be submitted with this form or your request will be denied.* (Note: you will be subject to the failure-to-pay penalty and interest on any amount of tax due and not paid with this request.)	6 $ .00

PLEASE SIGN HERE

Under penalties of law, I declare that I have examined this return and, to the best of my knowledge, it is correct. Declaration of paid preparer is based on all information available to the preparer.

Telephone Number of Person to Contact

Taxpayer(s) signature(s) (See instructions) Title Date

CORPORATE SEAL

Preparer's FEIN, SSN or PTIN

Preparer's signature (If other than taxpayer) Date

PAID PREPARER ONLY

Telephone Number of Preparer

Firm name

Firm address

Make check or money order payable to the DC Treasurer. Include your FEIN (or SSN), "FR-128" and tax year on your payment.
Mail return and payment to: Office of Tax and Revenue, 6th Floor, 941 North Capitol St NE, Washington DC 20002-4265.

INSTRUCTIONS

Purpose
Use Form FR-128 to request a 6-month extension of time to file a Corporation Franchise Tax Return (Form D-20), an Unincorporated Business Franchise Tax Return (Form D-30), or a Partnership Return of Income (Form D-65).

When to file
The request for an extension of time to file must be submitted on or before the due date of the return.

Where to submit your request
Mail the completed FR-128 with your payment in full of any tax due to the Office of Tax and Revenue, 6th Floor, 941 North Capitol St NE, Washington DC 20002-4265. Be sure to sign and date the FR-128. Make your payment out to the DC Treasurer. On the payment include your FEIN or SSN, FR-128 and the tax year.

Note: If you are requesting certification as a Qualified High Technology Company please submit a completed DC Form QHTC-CERT with your extension request.

Extension of time to file
A 6-month extension of time to file will be allowed if you complete this form properly, file it on time and *PAY* the full amount of tax due shown on Line 6. Attach a copy of the FR-128 which you filed when you file your return. A separate extension request must be filed for each return. Blanket requests for extensions will not be accepted.

Federal extension forms
The Office of Tax and Revenue does not accept copies of the federal application for an extension of time to file. **You must use Form FR-128.**

Additional extension of time
No additional extension of time to file will be granted beyond the 6-month extension unless the taxpayer is outside the continental limits of the United States. In this case, an additional extension of 6 months may be granted.

Signature

The request must be signed by:

- Corporations — any designated or authorized officer;
- Unincorporated business — any owner or member;
- Partnership — any member; or
- Paid preparer — also provide your identification number

Note: Receivers, trustees in bankruptcy, or assignees that are in control of the property, business or organization must sign the request for extension.

Government of the District of Columbia

D-20 C Election to File a Consolidated Corporation Franchise Tax Return

Federal Employer I.D. Number

Taxable year: beginning MM/DD/YYYY

ending MM/DD/YYYY

Name of affiliated group

Telephone number

DC business address line #1

DC business address line #2

City

State

Zip code

-

The above named affiliated group hereby elects to file a consolidated District of Columbia corporation franchise tax return. All members of the affiliated group understand and consent to the following as conditions of this election:

- The affiliated group must file a federal consolidated return pursuant to IRC §1501;
- Each member of the DC affiliated group must have gross income derived from sources in DC;
- The election to file a consolidated return is binding upon District filers for all subsequent years as long as the affiliated group remains in existence unless the Office of Tax and Revenue consents to a discontinuance;
- The election must be made on or before the due date (including any extension) for filing the DC Corporation Franchise Tax Return; and
- The affiliated group cannot include any DC corporation claiming Qualified High Technology Company tax credits/benefits.

Under penalties of perjury, I declare that the common parent corporation named above has authorized me to sign this form on behalf of all members of the affiliated group, and that I have examined this form and the information and instructions contained herein.

PRINT NAME HERE AND SIGN BELOW

SIGNATURE | TITLE | DATE

D-20 CS

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF TAX AND REVENUE

Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Corporation Franchise Tax Return

For taxable year beginning _______/_______/_______, and ending _______/_______/_______

Attach to your return

(Please type or print)

For the first taxable year a consolidated return is filed, this form must be completed by each subsidiary, and attached to the return.

Name Federal Employer Identification Number

Number and street

City or town, state, and ZIP code

Name of common parent corporation Federal Employer Identification Number (common parent)

The subsidiary corporation named above authorizes its common parent corporation to include it in a consolidated return for the taxable year indicated. The authorization also applies to each succeeding taxable year, unless the Office of Tax and Revenue consents to a discontinuance.

Under penalties of perjury, I declare that the subsidiary named above has authorized me to sign this form on its behalf, that I have examined this form and the information contained herein, and to the best of my knowledge and belief, it is correct and complete.

Signature of corporate officer Title Date

Name of corporate officer (print or type) Telephone number

Purpose of Form

The common parent of an affiliated group that files a federal consolidated return may elect to file a DC consolidated return. The election by the common parent is effective only if accompanied by written consents to the election signed by each of the members of the affiliated group. This form is to be used by each of the subsidiary corporations included in the affiliated group to consent to the election made by the common parent. The consent form must be signed by a current officer of each subsidiary in the affiliated group.

Elections for Taxable Years Beginning on January 1, 2001 or thereafter

The election must be made by the common parent on or before the due date, including any extensions, for filing the original return.

How to Make an Election to File a DC Consolidated Corporation Franchise Tax Return

- Complete a separate form for each subsidiary included in the DC affiliated group for the taxable year for which the election is made. The form for each subsidiary must be signed by a current officer of that subsidiary.
- File all the completed forms (for each subsidiary included in the DC affiliated group) AND the tax return by the due date, including any extensions, for filing the original return.
- In taxable years after the election, any new member joining a DC affiliated group is required to complete this authorization. The completed form must be attached to the DC Form D-20 for the first taxable year in which the new member joins the DC affiliated group.

D-20 AG

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF TAX AND REVENUE

Affiliated Group Schedule

NOTE: READ INSTRUCTIONS ON BACK BEFORE COMPLETING THIS FORM

NAME OF AFFILIATED GROUP	TAXABLE YEAR BEGINNING (MM/DD/YYYY) TAXABLE YEAR ENDING (MM/DD/YYYY)
ADDRESS	FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN) (OF COMMON PARENT)
CITY STATE ZIP CODE	TELEPHONE NUMBER ( )

A Name of parent and all subsidiary corporations included in District consolidated franchise tax return	**B** Federal Employer Identification Number	**C** Separate DC income tax return filed in prior year?	**D** New to federal consolidated group?	**E** Gross income from District sources?
COMMON PARENT		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
SUBSIDIARIES		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No

YOU MUST ATTACH A COPY OF FEDERAL FORM 851, AFFILIATIONS SCHEDULE.
FILE THIS FORM WITH AND PLACE IT DIRECTLY BEHIND FORM D-20, DC CORPORATION FRANCHISE RETURN.

AFFILIATED GROUP SCHEDULE INSTRUCTIONS

We are requesting information needed to identify each member of the DC Affiliated Group that is subject to the DC corporation franchise tax.

Attach a copy of federal Form 851, Affiliations Schedule, to your Form D-20.

File this schedule for each year a DC consolidated corporation franchise tax return is filed.

Column A – List parent and subsidiary corporations included in the DC Consolidated Franchise Tax Return.

Column B – Give the Federal Employer Identification Number (FEIN) for each corporation listed.

Column C – Indicate if each company listed filed a separate corporate franchise tax return with DC in the prior tax period.

Column D – Indicate if this company is new to the Federal Consolidated Group.

Column E – Indicate if the company received gross income from DC sources.

D-20 NOL

Government of the District of Columbia
Office of Tax and Revenue

Net Operating Loss Deduction for Loss Year

Enter Year
Before 2000 __________
2000 and After __________

Complete a separate D-20 NOL for each business carrying forward an NOL.

Be sure to list NOLs before the year 2000 separate from those for 2000 and after.

Name of corporation	FEIN -

Year	District net income/loss	Losses claimed	Losses remaining
Oldest loss year			
Subsequent year 1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
	200___ Summary:	Total losses claimed	Total losses remaining (to be carried forward)