



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**OFFICE OF TAX AND REVENUE**  
941 North Capitol Street, NE  
Washington, DC 20002

**GENERAL INFORMATION FOR BUSINESSES — Sales and Use Taxes**

**Part I – Sales Tax**

**A. Registration:** Before making taxable sales in the District of Columbia (the “District”) you must file a Combined Business Tax Registration Application (Form FR-500) with the Office of Tax and Revenue. There is no charge for registering. (See item I. for information on sales by street vendors.)

Mail a completed Form FR-500 to the Office of Tax and Revenue, Customer Service Administration, PO Box 470, Washington, DC 20044-0470 or deliver it to the Customer Service Center, 941 North Capitol St., NE, First Floor, Open Monday – Friday from 8:15 A.M. to 4:30 P.M.

**NOTE:** Special Event promoters must file Form FR-500B, Special Event Registration Application, to register with the Office of Tax and Revenue.

**B. Certificate of Registration:** List on Form FR-500 all locations in the District from which you will be making taxable sales. The Office of Tax and Revenue will issue a Certificate of Registration for each location listed. Each location must display its own Certificate of Registration.

If you make taxable sales without a Certificate of Registration you may be fined up to \$100 a day for each day you do business in the District without a certificate.

**C. Forms:** The Office of Tax and Revenue will mail Sales and Use Tax Return Forms (FR-800 series) to each taxpayer who files a Form FR-500.

**D. Returns and Payments:** Sales and Use Tax Monthly Returns (Form 800M) must be filed by the 20th day of each calendar month. The monthly return is based on the taxable sales made the preceding calendar month. If you expect to collect less than \$1,200 in sales tax during the calendar year, write “Request to be placed on an annual filing basis” in the Sales and Use Tax portion of Form FR-500. The annual sales tax return (Form FR-800A) is due by January 20th of the subsequent year.

If you are currently filing monthly, but do not expect to incur a sales tax liability of more than \$1,200 a year for subsequent years, contact the Customer Service Center at (202) 727-4829, and ask to be placed on an annual filing basis.

If you are currently filing annually, but expect to incur a

sales tax liability of more than \$1,200 a year for subsequent years, contact the Customer Service Center at (202) 727-4829 and ask to be placed on a monthly filing basis.

**E. Imposition of Sales Tax:** A person doing business in the District must collect District sales tax from the purchaser on:

1. Sales of tangible personal property delivered to a customer in the District;
2. Certain services;
3. Renting or leasing of tangible personal property used in the District;
4. Rooms, lodging or accommodations located in the District that are furnished to transients;
5. Admissions to certain public events in the District; and
6. Charges for parking, storing or keeping motor vehicles or trailers in the District.

**F. Calculation of Sales Tax:** Sales tax is calculated by multiplying the sales price of a taxable item by the applicable tax rate and rounding off to the nearest cent.

You can obtain tax tables of the different sales tax rates from the Office of Tax and Revenue, Customer Service Center, first floor, 941 North Capitol St., NE Washington, DC 20002-4259 or by calling 202-442-6546.

The tax is based on the sales price. Sales price means the total amount paid by the purchaser to a vendor for a taxable item without deducting the cost of the taxable item sold. Sales price does not include: (1) cash discounts allowed and taken on sales; (2) separately stated installation charges; and (3) sales tax collected by the vendor from the purchaser.

**G. Sales Tax Rates Applicable to Taxable Sales:**

1. The 5.75% sales tax rate applies to –
  - a. Sales of food or drink through vending machines.

(Note: the 5.75% sales tax on snack foods has been repealed.)

- b. Charges for the production, fabrication, or printing of tangible personal property on special order.
- c. Sales of natural or artificial gas, oil, electricity,

- solid fuel, or steam to commercial users.
- d. Charges for local telephone service to commercial users.
  - e. Sales of material used in the construction, repair, or alteration of real property, which material becomes real property, regardless of whether the property is to be sold or resold.
  - f. Charges for leasing or renting tangible personal property, except that sales tax does not apply to charges for the rental of films, records, or any type of sound transcribing to theaters and radio and television broadcasting stations. (See item 3c on page 3 for charges on the leasing or renting of non-commercial vehicles.)
  - g. Charges for admission to public events and live performances such as movies, circuses, burlesque shows, sporting events, and performances or exhibitions of any other type or nature not listed below. Sales tax does not apply to charges for admission to live performances of ballet, dance, or choral performances, concerts (instrumental and vocal), plays (with or without music) operas and readings and exhibitions of paintings, sculpture, photography, graphic and craft arts. Also, the sales tax does not apply to casual or isolated sales or a charge for admission made by a semipublic institution not regularly engaged in making such sales or charges.
  - h. Charges for repairing altering, mending, or fitting of tangible personal property, or applying or installing tangible personal property as a repair or replacement part of other tangible personal property, whether or not any tangible personal property is transferred in conjunction with the service.
  - i. Charges for copying, photocopying, reproducing, duplicating, addressing, and mailing services and for public stenographic services.
  - j. Charges for *real property maintenance services*. These services include any activity that keeps the land or the premises of a building clean, orderly and functional, including the performance of minor adjustments, maintenance or repairs which include: floor, wall and ceiling cleaning; pest control; window cleaning; servicing of in-ground and in-building swimming pools; exterior building cleaning; parking lot, garage and recreation area maintenance; exterior and interior trash removal\*; restroom cleaning and stocking; lighting maintenance; chimney and duct cleaning; and ground maintenance. Real property maintenance services do not include: painting; wallpapering or other services performed as part of construction or as major repairs; the collection and disposal of recyclable material; or services performed under an employee-employer relationship.
  - k. Charges for *landscaping services*. These services include the arranging or modifying areas of land and natural scenery for an improved or aesthetic effect; the addition, removal or arrangement of natural forms, features and plantings; the addition, removal or modification of retaining walls, ponds, sprinkler systems or other landscape construction services; other services provided by landscape designers or landscape architects such as consultation, research, preparation of general or specific design or detail plans, studies, specifications or supervision; and any other professional services or functions associated with landscaping.
    1. Charges for *data processing services*. These services include the processing of information for the compilation and production of records of transactions; the maintenance, input and retrieval of information; the provision of direct access to computer equipment to process, examine or acquire information stored in or accessible to the computer equipment; the specifications of computer hardware configurations, the evaluation of technical processing characteristics, computer programming or software, provided in conjunction with and to support the sale, lease, operation, or application of computer equipment or systems; word processing, payroll and business accounting, and computerized data and information storage and manipulation; the input of inventory control data for a company; the maintenance of records of employee work time; filing payroll tax returns; the preparation of W-2 forms; the computation and preparation of payroll checks; and any system or application programming or software.
    - m. Charges for *information services*. These services include the furnishing of general or specialized news or current information, including financial information, by printed, mimeographed, electronic or electrical transmission, or by wire, cable, radio waves, microwaves, satellite, fiber optics or any other method in existence or which may be devised; electronic data retrieval or research; including newsletters, real estate listings, or financial, investment, circulation, credit, stock market or bond rating reports; mailing lists; abstracts of title; news clipping services; wire services; scouting reports; surveys; bad check lists; and broadcast rating services.

Information services do not include: information sold to a newspaper or radio or television station licensed by the Federal Communications Commission if the information is gathered or purchased for direct use in newspapers or radio or television broadcasts; charges to a person by a financial institution for account balance information; and information gathered or compiled on behalf of a particular client if the information is

\*Does not include removal of recyclable material that is recycled.

of a proprietary nature to that client and may not be sold to others by the person who compiled the information. Information services does include a subsequent sale of such information by the client for whom the information was gathered or compiled.

- n. Charges for laundering, dry cleaning, or pressing of any kind of tangible personal property, except when the service is performed by means of self-service, coin-operated equipment. Dry cleaning services do not include carpet cleaning services.
  - o. Sales of any newspaper or publication.
  - p. Charges for the following telecommunication services if the charges are made to a service address in the District and the charges to the end user are not subject to the District's gross receipts or toll telecommunication tax:
    - i. Stationary two-way radio services;
    - ii. Telegraph services;
    - iii. Teletypewriter services;
    - iv. Teleconferencing services;
    - v. "900", "976", "915" and other "900" type telecommunication services;
    - vi. Telephone answering services; and
    - vii. Coin-operated telephone services.
  - q. Charges for developing, printing or retouching pictures.
  - r. Sales of photographs, pictures, photostats, blueprints and other similar items.
  - s. Charges for a contract for the maintenance of tangible personal property.
  - t. Charges for any delivery where pick up and delivery is in the District for which a separate charge is made, except merchandise delivered for resale for which a District of Columbia Certificate of Resale (Form OTR-368) has been issued.
  - u. Charges for the service of procuring, offering, or attempting to procure in the District job seekers for employers or employment for job seekers, including employment advice, counseling, testing, resume preparation and any other related services.
  - v. Charges for the service of placing a job seeker with an employer in the District.
- 2. The **9% sales tax rate applies to** sales of alcoholic beverages for off-premises consumption.
  - 3. The **10% sales tax rate applies to:**
    - a. Sales of food or drink prepared for immediate consumption;
    - b. Sales of spirituous or malt liquors and wine sold for on-premises consumption;
    - c. Charges for the rental or leasing of certain motor vehicles and trailers, registered for non-commercial purposes; and
    - d. Sales of prepaid telephone calling cards.
  - 4. The **12% sales tax rate applies to** charges for parking

or storing motor vehicles or trailers. This tax does not apply to cigarettes, premium cigars or pipe tobacco. A premium cigar is any individual cigar with a retail cost of \$2.00 or more or a packaged unit of cigars that has an average cost of \$2.00 or more per cigar. It also applies to the sale of other tobacco products. These include any product made primarily from tobacco that is intended for consumption by smoking, or chewing or as snuff.

- 5. The **14.5% sales tax rate applies to** charges for rooms, lodging, or accommodations furnished to transients.

#### **H. Exempt and Nontaxable Sales include the following:**

- 1. Sales to the United States, the District, or any instrumentality thereof, except sales to national banks and Federal savings and loan associations.
- 2. Sales to a state, territory or possession of the United States or their political subdivisions, if they grant a similar exemption to the District.
- 3. Sales to foreign embassies and diplomats provided the purchaser presents the seller with an exemption card issued by the U.S. State Department.
- 4. Sales to organizations exempted from the payment of sales taxes by federal statute or treaty.
- 5. Sales of natural or artificial gas, oil, electricity, solid fuel or steam, used directly in processing or refining, manufacturing or assembling, provided the purchaser presents the seller with a specific exemption certificate.
- 6. Sales of property which the purchaser acquires for resale in the same form as when acquired, or to be incorporated as a material part of a product to be produced by processing or refining, manufacturing or assembling, provided the purchaser presents the seller with a valid District of Columbia Certificate of Resale.
- 7. Certain sales to a public utility or telecommunications company.
- 8. Sales of insurance, professional or personal service transactions which involve sales of tangible personal property as inconsequential elements for which no separate charges are made.
- 9. Sales of transportation and communication services other than data processing services, information services, commercial local telephone services and selected telecommunication services.
- 10. Sales of motor vehicles and trailers subject to the District's Motor Vehicle Excise Tax.
- 11. Sales of motor vehicle fuels subject to the District's Motor Vehicle Fuel Tax.
- 12. Sales of medicines, drugs and pharmaceuticals.
- 13. Sales of food or beverages on a train, airline or other form of transportation that is operating in interstate commerce.
- 14. Casual and isolated sales, except that sales by churches, religious, scientific, educational, social, fra-

ternal, benevolent and other organizations and institutions of the same nature are not considered to be casual and isolated sales.

15. Sales to a semipublic institution, provided the semipublic institution presents the seller with a District of Columbia Certificate of Exemption (Form FR-551).
16. Charges for printing a newspaper that is to be distributed free of charge in the District, provided the purchaser presents the seller with a District of Columbia Free Newspaper Certificate of Exemption (Form FR-554).
17. Sales of food or drink, (including snack food) but not including food or drink prepared for immediate consumption, or food or drink sold through vending machines.
18. Charges for postage, provided the charges are stated separately.

19. Sales which, under the U.S. Constitution, may not be taxed by a State.
20. Sales of residential public utility services and commodities by a gas, electric lighting, or telephone company and sales of residential heating oil by any person.
21. Sales of residential cable television services and commodities by a cable television company.
22. Access to the Internet

#### **I. Payment in Lieu of Sales Tax by Street Vendors.**

Every street vendor must make payments in lieu of collecting and remitting sales tax. Street vendors must file a vendor payment coupon. They should not file a sales and use tax return for their street vendor sales. Payment coupons are made available to street vendors after they file the Form FR-500.

## **PART II – Use Tax**

**A. Imposition of the Tax:** A use tax is imposed on the use, storage, or consumption of taxable tangible personal property and services in the District, unless the purchaser has paid a sales tax on the purchase of the taxable tangible personal property or service to the District, or another tax jurisdiction in the U.S. or to a U.S. territory.

**B. Calculation of the Tax:** Multiply the purchase price of the taxable tangible personal property or taxable service by the applicable use tax rate, and round off to the nearest cent.

**C. Purchases Subject to Use Tax:** For purchases subject to sales tax on which a sales tax has not been paid to the District or or another tax jurisdiction in the U.S. or to a U.S. territory – see the rates in Part I, Section G on page one.

**D. Use Tax Rates:** The use tax rates are the same as the sales tax rates – see Part I, Section G on page one.

**E. Exemptions:** The use tax exemptions are the same as the sales tax exemptions – see Part I, Section H on page three. Also exempt are purchases on which a sales tax has been paid to the District, or or another tax jurisdiction in the U.S. or to a U.S. territory.

**F. Returns and Payments:** Businesses should file a Form FR-800A (annual return) or FR-800M (monthly return) to report and pay sales and use tax on purchases and rentals.

Send all taxes collected to the Office of Tax and Revenue, Sales and Use Tax, PO Box 96384, Washington, DC, 20090-6384.

**Doing business in the District** includes the selling, delivering or furnishing in the District, or any activity performed in the District in connection with the selling, delivering or furnishing of tangible personal property or services sold at retail. This term includes but is not limited to the following acts or methods of transacting business.

- (1) Maintaining, occupying or using, permanently or temporarily, directly or indirectly, or through a subsidiary or agent, by whatever name called, of any office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business; and
- (2) Having any representative, agent, salesman, canvasser, or solicitor operating in the District for the purpose of making sales at retail or the taking of orders for such sales

**The information furnished in this pamphlet is not all-encompassing. For specific information regarding District sales and use taxes, please refer to sections 47-2001 et seq. and 47-2201 et seq. of the District of Columbia Code and to Chapter 4 of Title 9 of the District of Columbia Municipal Regulations. You may also contact the Office of Tax and Revenue’s Review & Conference Section by mail at: Office of Tax and Revenue, PO Box 556, Washington, DC 20044-0556, or by calling (202) 727-4829.**

## **PART III – Sales and Use Tax Rate Tables**

Tax tables for the various sales and use tax rates may be obtained from the Office of Tax and Revenue, Customer Service Center, 941 North Capitol St., NE, First Floor, Washington, DC 20002-4259 or by calling 202-442-6546.