

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



July 24, 2020

**COVID-19 Response
Emergency Amendment Act of 2020 Sales and Use Tax**

Frequently Asked Questions

Note: Businesses with additional questions regarding the abatement of penalties and interest, should contact OTR's Collections Division via email at compliance@dc.gov or by calling (202) 724-5045.

Q: What sales tax relief did the Council pass in response to the current public health crisis created by the COVID-19 pandemic?

A: On March 17, 2020, the Council of the District of Columbia enacted the COVID-19 Response Emergency Amendment Act of 2020 ("Act"). See COVID-19 Response Emergency Amendment Act of 2020, effective March 17, 2020 (Act No. 23-0217). The Act amended D.C. Code § 47-4221 by expanding the authority of the Office of Tax and Revenue ("OTR") to abate interest and waive penalties for failure to timely pay sales and use tax due for periods ending on February 29, 2020 and March 31, 2020, provided certain conditions are met. All vendors who are required to file sales and use tax returns on either a monthly or a quarterly basis are eligible for this relief, except for hotels and motels.

Accordingly, if a vendor timely filed its tax returns for the periods ending on February 29, 2020 and March 31, 2020 but did not timely pay the sales tax due, OTR automatically waived interest and penalties that would have ordinarily be assessed provided that the vendor paid all taxes due for these periods by July 20, 2020. [See OTR Tax Notice 2020-02](#).

In addition, OTR will now also waive interest and penalties even if the vendor failed to timely file its tax returns for periods ending on February 29, 2020 and March 31, 2020 if all such returns were nonetheless filed by July 20, 2020 and all taxes due for these periods were paid in full by July 20, 2020.

Q: The Mayor extended the Stay at Home order—does this mean that the due dates for sales tax payments are extended as well?

A: No. The emergency legislation gave the Office of Tax and Revenue authority to waive interest and penalty for late payments for the periods ending February 29, 2020 and March 31,

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2020 only. Periods ending April 30, May 31, June 30 (and beyond) are due and payable as normal and not subject to any special provisions at this time.

Q: I didn't pay the sales tax due for February and/or March by the July 20, 2020 due date. For what periods will I owe penalties and interest?

A: The penalties and interest will accrue from the original due date of March 20, 2020 and April 20, 2020, not the deferred due date of July 20, 2020.

Q: I misunderstood the requirements of the emergency legislation and filed my returns late. Do I qualify for relief?

A: The Office of Tax and Revenue put into place an automatic abatement for those taxpayers who timely filed their returns for February and March provided all taxes due are paid in full by July 20, 2020. For all taxpayers who filed late but paid all taxes due by July 20, 2020, the Office of Tax and Revenue will also exercise its authority under the emergency legislation and abate interest and penalties.

Q: I filed my returns on time for February and March but can't pay the balance. What do I do?

A: You can set up a payment agreement by logging on to your MyTax portal and requesting a payment plan or by contacting the Collections Administration via email at compliance@dc.gov or by calling (202) 724-5045. If you have an outstanding balance, getting on a payment plan and making the required payments will be important for maintaining Clean Hands eligibility.

Q: I didn't pay the balance by the due date. Can I get an abatement of the penalties and interest?

A: Waivers are generally considered after the base tax amount has been paid. All requests for abatements will be considered on a case-by-case basis. Requests should be sent to the Collections Administration via email at compliance@dc.gov or by calling (202) 724-5045.

Q: My business was closed in April and May and I did not have any sales during this time. Am I still required to file a sales tax return for these months?

A: Yes. You should file your sales tax return as usual with OTR and report that your taxable sales were \$0.

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Q: My business has closed permanently. I simply will never be able to pay off the tax due. What are my options?

A: You can file an Offer in Compromise, asking OTR to settle your tax debt based on a comprehensive financial analysis of your income, assets and expenses. If it is determined that you cannot pay the total liability, it may be reduced based on the information provided. For more information on this process, see: <https://otr.cfo.dc.gov/publication/offer-compromise-business>. Please note that the financial disclosures must be complete and supported by third-party documentation to be considered.