Government of the District of Columbia
Office of the Chief Financial Officer

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Tax Practitioner Institute

January 13, 2022
Disclaimer

- Form changes identified in this presentation and supporting documentation are subject to change pending District of Columbia and/or Congressional approval.

- Timely notification of any form changes due to legislation will be announced on the DC website.
Agenda

2021 Individual Income Tax Changes

• Standard & Additional Deduction
• D-40 Individual Tax Return
  • Unemployment Insurance Benefits, Line 13
  • DC Earned Income Tax Credit Line 27
• Schedule H – Homeowner and Renter Property Tax Credit
  • Federal Adjusted Gross Income increases
  • Maximum Property Tax Credit Increase
• Schedule U – Additional Miscellaneous Credits and Contributions
  • First Time Homebuyer Credit Retired
  • New Schedule LIHTC – Low Income Housing Tax Credit
• Schedule ELC - Keep Child Care Affordable Tax Credit
• Schedule HSR - Health Care Shared Responsibility
• D-2210 Underpayment of Estimated Income Tax By Individuals
• Miscellaneous
2021 Business Tax Changes

- Corporation and Unincorporated Franchise Tax
- Fiduciary Tax
- Estate Tax
- 1094/1095 Reporting
Standard and Additional Standard Deduction

- The District conforms to the federal level standard deduction:
  - Single/Married/Registered Domestic Partners Filing Separately - $12,550
  - Head of Household/Qualifying Widow(er) - $18,800
  - Married/Registered Domestic Partners Filing Jointly or Separately on the Same Return - $25,100
  - Dependents will use the Standard Deduction Worksheet

- If born before January 2, 1957, or blind, an additional standard deduction of $1,350 ($1,700 if single or head of household) is allowed – Schedule S, Calculation G-1 must be submitted unless you are claimed as a dependent by another taxpayer.

- When married filing separately, you may take an additional standard deduction for your spouse/registered domestic partner only if your spouse/registered domestic partner had no gross income, is not filing a return, and cannot be claimed as a dependent by another taxpayer.
Unemployment Insurance Benefits

Line 13 -
For taxable years beginning January 1, 2021, unemployment insurance benefits provided by the federal government, District of Columbia, and any other state, are excluded in the computation of District gross income.

Line 8 – Part Year Residents Instruction:
Do not include any unemployment insurance benefits as a part of income received during the period of non-residence on Line 8. Enter the total amount of all unemployment insurance benefits on Line 13, provided this amount is also included on Line 4 of the D-40 return.
DC Earned Income Tax Credit

NOTE: Married Filing Separately (MFS) taxpayers are now eligible to claim the earned Income Tax Credit and can use either 2019 or 2021 earned income amount.
Temporary Special Rules for 2021 Only

If your earned income in tax year 2021 is less than your earned income in tax year 2019, the earned income credit for tax year 2021 can be determined by substituting your tax year 2019 earned income for your tax year 2021 earned income. In the case of a joint return, the earned income of the taxpayer for taxable year 2019 must be the sum of the earned income of each spouse for such taxable year. ARPA, § 9626.

In the case of individuals without qualifying children, the EITC is expanded by decreasing the minimum age of claimants from 25 to age 19, except that it is age 24 for a specified student, or age 18 for a qualified former foster youth or qualified homeless youth. The maximum age of 65 has been eliminated. In addition, there is an increase in the credit and phaseout percentages, and an increase in earned income and phaseout amounts.
Schedule H- Home Owner and Renter Property Tax Credit

• For real property owners, the real property tax credit is now based on your DC real property tax bill for tax year 2021, whether paid or unpaid. Do not include special assessments, interest penalties and services charges.

• The maximum property tax credit limit is increased from $1,200 to $1,225

• Schedule H federal Adjusted Gross Income (AGI) eligibility threshold limit for under age 70 has increased to $56,200.

• Schedule H federal AGI eligibility threshold limit for age 70 and older has increased to $76,700.

• An instruction has been added to Line 1 and Line 5 directing claimants to enter zero if the federal adjusted gross income of the tax filing unit is less than zero.
2021 Schedule H

**Complete Section A or Section B, whichever applies.** Do not claim this credit for an exempt property owned by a government, a house of worship, or a non-profit organization.

**Section A Credit claim based on rent paid**
1. Federal adjusted gross income of the tax filing unit (see instructions). If less than zero, enter zero.
2. Rent paid by you on the property in 2021 $ 00 x 20 = 2 $ 00
3. Property tax credit. Use the "Computing Your Property Tax Credit" worksheet.

4. Landlord’s name
   - Landlord’s address (number, street and suite/apartment number if applicable)
   - Apartment number
   - Landlord’s telephone number
   - City
   - State
   - Zip Code + 4

**Section B Credit claim based on real property tax owed.**
5. Federal adjusted gross income of the tax filing unit (see instructions). If less than zero, enter zero.
6. DC real property tax bill for tax year 2021. Do not include special assessments, interest, penalties and service charges.
7. Property tax credit. Use the "Computing Your Property Tax Credit" worksheet.
8. Enter information from your real property tax bill or assessment. If a section is blank on your property tax bill, leave it blank here.
   - Square number
   - Suffix number
   - Lot number
The credit equals a percentage of the property taxes paid or accrued or the portion of the rent paid that is equivalent to property taxes (20% of rent paid) in excess of the applicable percentage of the total federal adjusted gross income. The maximum credit amount is $1225.

If you are under age 70 and the Federal AGI of your tax filing unit is:

- $0 - $24,999
- $25,000 - $51,999
- $52,000 - $56,200

If you are age 70 or older and the Federal AGI of your tax filing unit is: $0 - $76,700

<table>
<thead>
<tr>
<th>Percentage</th>
<th>The amount of property tax that exceeds 3.0% of the adjusted gross income</th>
</tr>
</thead>
<tbody>
<tr>
<td>The amount of property tax that exceeds 4.0% of the adjusted gross income</td>
<td></td>
</tr>
<tr>
<td>The amount of property tax that exceeds 5.0% of the adjusted gross income</td>
<td></td>
</tr>
</tbody>
</table>

New federal adjusted gross income (AGI) limits
Schedule U

Additional Miscellaneous Credits and Contributions

Schedule U has been modified to accommodate the new legislation for DC Low-Income Housing Tax Credit: Line 5 was formerly DC Government Employee first-time home buyer credit. That credit is now expired and is replaced on the form by DC LIHTC.

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Part I  Credits

a. Non-refundable Credits

1. Enter state income tax credit. List additional states on a separate sheet, attach it to this Schedule. (Enter total of all state tax credits on Line 2 below.)

   State (a) $ 0.00 (b) $ 0.00
   State (c) $ 0.00 (d) $ 0.00

2. Total of Line 1 state tax credits and any additional tax credits from the attachments. $ 0.00

3. Enter alternative fuel credits, see instructions.
   3(a) Alternative fuel infrastructure - private residence. # of stations
   3(b) Alternative fuel infrastructure - public use. # of stations
   3(c) Alternative fuel vehicle conversion. # of vehicles

4. Total of Line 3 alternative fuel credits. Add Lines 3(a) - 3(c) only and enter here. $ 0.00

5. DC Low-Income Housing Tax Credit. See reverse page. $ 0.00

6. RESERVED $ 0.00
District of Columbia Low-Income Housing Tax Credits are now available to an entity investing in a DC Qualified Low-Income Housing Developments. The credits can be taken against income tax, franchise tax, and insurance premium tax. The following new forms were created for claiming the credits; they include:

- **D-8609** - District of Columbia Low-Income Housing Tax Credit Allocation and Certification
- **D-8609A** – Reporting Form for the Allocation, Transfer, Sale or Assignment of Low-Income Housing Tax Credit
- **D-8609DS** – Low-Income Housing Tax Credit Distribution Schedule
LIHTC Forms
D-8609

Part IA. Credit
1. Building Address

2a. Building Owner Name
   b. Building Owner Address

3. Building Owner TIN

4. Federal Building Identification Number

5. Maximum Allowable DC LIHTC Amount*

6. Date of Allocation

7. Date Building Placed in Service

Signature of Authorized DHCD Official; Date

*The amount for each year of the 10-year credit period

Part II. Owner Certification

Under penalties of perjury, I declare that, (1) the above building continues to qualify as a part of a qualified low-income housing development and meets the requirements of Internal Revenue Code Section 42(g) and DC Code 447-4801 and (2) the qualified basis of the building (check one) has not decreased for this tax year. I have examined this form, and to the best of my knowledge and belief, it is true, correct and complete.

Signature

Taxpayer ID Number

Date

Name (please type or print)
LIHTC Forms
D-8609A
LIHTC Forms
D-8609DS

![Image of form]

**Low-Income Housing Tax Credit Distribution Schedule**

**Important:** Print in CAPITAL letters using black ink.

**For calendar year 2021 or taxable year beginning and ending**

**Select One:**

1. You are filing this report as the person(s) or transferee(s) who originally generated the credit.

2. You are filing this report on the correctness of the credit as transferred, and who is allocating or transferring any portion of such credit to another person(s) or transferee(s). If you selected #2, enter the name and TIN/NAIC/REIC company code number of the person(s) or transferee(s) who allocated or transferred the credit to you.

**Name**

**TIN/NAIC/REIC company code**

**Name of project**

**Taxpayer identification number**

**NAIC company code**

**Street address**

**City**

**State**

**Zip Code**

**Phone number**

**Name of project**

**Federal taxable identification number**

**USTR Certificate number**

**Street address**

**City**

**State**

**Zip Code**

**Phone number**

**Distribution information**

1. **Maximum Allowable DC LIHTC Amount for this Project.**

2. **Total Amount of Credit Available to Owner/Transferee for Distribution.**

<table>
<thead>
<tr>
<th>Name of recipient</th>
<th>TIN/NAIC/REIC company code</th>
<th>Amount of credit allocated</th>
<th>Amount of credit transferred, sold or assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. **Total amount of credit allocated.**

4. **Total amount of credit transferred, sold or assigned.**

5. **Amount of credit retained by owner/transferor.**

**Owner/Transferor Taxpayer ID Number Date**

*Rev 08/2021*
| **7a Child Development Facility License Number** |   |   |   |
| **7b Is the child development facility operated by the federal government or by a private provider on federal property?** | Yes. | No. | Yes. | No. | Yes. | No. |
| **8 Child Development Facility taxpayer identification number** |   |   |   |
| **9 For payment purposes, was the child under age 3 as of 9/30/2021?** | Yes. Include payments made for care from 01/01/2021 through 12/31/2021 | No. Include payments made for care from 01/01/2021 through 8/31/2021 | Yes. Include payments made for care from 01/01/2021 through 12/31/2021 | No. Include payments made for care from 01/01/2021 through 8/31/2021 |
| **10 Amount paid. See instructions** | $ [ ] [ ] [ ] [ ] .00 | $ [ ] [ ] [ ] [ ] .00 | $ [ ] [ ] [ ] [ ] .00 |
| **11 The maximum credit you can receive for each eligible child is $1,020** | $ 1020.00 | $ 1020.00 | $ 1020.00 |
| **12 Enter the lesser of Line 10 or Line 11 for each eligible child here and on Schedule U, Part 1b, Line 2.** | $ [ ] [ ] [ ] [ ] .00 | $ [ ] [ ] [ ] [ ] .00 | $ [ ] [ ] [ ] [ ] .00 |
2021 Schedule ELC – Keep Child Care Affordable Tax Credit
(formerly Early Learning Tax Credit)

The amount of the credit is increased to $1,020. You are not eligible to receive this credit if:

6. The taxpayer’s District taxable income for the taxable year exceeds the amounts for taxable year 2021:
   a. Single and head of household: $153,400;
   b. Married/Registered Domestic Partners
      Filing Jointly: $153,400;
   c. Married/Registered Domestic Partners
      Filing Separately on the same return:
      $153,400;
   d. Married/Registered Domestic Partners
      Filing Separately: $76,700

New District taxable income limits
DC law requires all residents to have health coverage in 2021, get an exemption, or pay a tax penalty on their DC individual income tax return. DC enacted this law in response to the reduction of the federal individual responsibility penalty. It is modeled after the federal requirement. The penalty is based on the number of months an individual or family goes without health coverage.

For someone who goes without coverage for a full year, the penalty is $695 for each adult and $347.50 for each child, up to $2,085 per family or 2.5 percent of family income that is over the federal tax filing threshold, whichever is greater. For more details about the tax penalty or exemptions from the penalty visit: dchealthlink.com/individual-responsibility-requirement.
The federal adjusted gross income exemption amount has increased to $28,593.
<table>
<thead>
<tr>
<th>Number of Shared Responsibility Family Members:</th>
<th>If your AGI is equal to or below the following amounts, members age 21 or older as of 12/31/2021 are exempt:</th>
<th>If your AGI is equal to or below the following amounts, members under age 21 as of 12/31/2021 are exempt:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$28,593.60</td>
<td>$41,731.20</td>
</tr>
<tr>
<td>2</td>
<td>$38,672.40</td>
<td>$56,440.80</td>
</tr>
<tr>
<td>3</td>
<td>$48,751.20</td>
<td>$71,150.40</td>
</tr>
<tr>
<td>4</td>
<td>$58,830.00</td>
<td>$85,860.00</td>
</tr>
<tr>
<td>5</td>
<td>$68,908.80</td>
<td>$100,569.60</td>
</tr>
<tr>
<td>6</td>
<td>$78,987.60</td>
<td>$115,279.20</td>
</tr>
<tr>
<td>7</td>
<td>$89,066.40</td>
<td>$129,988.80</td>
</tr>
<tr>
<td>8</td>
<td>$99,145.20</td>
<td>$144,698.40</td>
</tr>
<tr>
<td>For Each Additional Member, add:</td>
<td>$10,078.80</td>
<td>$14,709.60</td>
</tr>
</tbody>
</table>
2021 D-2210 Underpayment of Estimated Income Tax

Lines 1 and 3 have been changed to reflect the changes in the Lines on the D-40 return.

No underpayment interest is due and this form should not be filed if:

A. Your tax liability on taxable income after deducting your District of Columbia (DC) withholding tax and applicable credits is less than $100, or
B. You made periodic estimated tax payments and had amounts withheld as required and the total is equal to or more than 110% of your last year’s taxes or is at least 90% of your current year’s taxes. Note: You must have been a 12-month DC resident last year in order to use the prior year 110% exception.

Computation of Underpayment Interest

2. Multiply the amount on Line 1 by 90% (.90)
3. 2020 DC Tax Liability - Line 23 from your 2020 DC Individual Income Tax Return minus the sum of Lines 26d or 26e through Line 28.
4. Multiply Line 3 amount by 110%.
5. Minimum withholding and estimated tax payment required for tax year 2021 (lesser of Line 2 and 4).
6. Multiply Line 5 amount by 25% (.25) for amount required for each periodic payment

Note: If your income was not evenly divided over 4 periods, see instructions on the reverse of this form on the “Annualized Income” method.

Due date of Payments
Miscellaneous

• Taxpayers will be able to file their 2021 D40, Individual Income tax return via the web portal, MyTax.DC.gov at no cost.

• The DC Free File electronic filing program and the DC Free File Fillable Forms e-File program are retired.

• OTR will no longer mail the Estimated Tax booklet (D-40ES). Returns and payments may be submitted via MyTax.DC.gov or electronically through a tax professional or software vendor. The form/coupon can be downloaded from OTR’s website, otr.cfo.dc.gov, under “Forms’ and mailed to the address listed in the instructions.

• The due date for the 2021 return is April 18, 2022.
The DC LIHTC applies to both the Corporation (D-20) and Unincorporated Business (D-30) tax returns and is reported on Schedule UB as non-refundable credits.

**D-20 Return**

**Nonrefundable Credits** (Nonrefundable Credits may not be applied against the required minimum tax)

1. Economic Development Zone Incentives Credits (see worksheet).
2. Qualified High Technology Company Credits from Part D, Line 4a, DC Form D-20CR.
3. Organ and Bone Marrow Donor Credit (see computation on reverse side).
4. Job Growth Incentive Act
5. Enter alternative fuel credits. See instructions
   - 5a Alternative fuel infrastructure.  
     - # of stations
     - $  
   - 5b Alternative fuel vehicle conversion.  
     - # of vehicles
     - $  
6. Total alternative fuel credits. Add Lines 5a and 5b only and enter here.
7. Employer-assisted Home Purchase Tax Credit (see computation on reverse side).
   - 7a # of employees
8. DC Low-Income Housing Tax Credit (see instructions).  
9. Total the nonrefundable D-20 credits, enter here and on Form D-20, Line 38.
# D-30 Return – Schedule UB, LIHTC

## Nonrefundable Credits

*Nonrefundable Credits may not be applied against the required minimum tax*

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Economic Development Zone Incentives Credit</td>
<td>(see worksheet)</td>
</tr>
<tr>
<td>14</td>
<td>Organ and Bone Marrow Donor Credit</td>
<td><em>(see computation on reverse side)</em></td>
</tr>
<tr>
<td>15</td>
<td>Job Growth Incentive Act</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Enter alternative fuel credits. <em>See instructions</em></td>
<td></td>
</tr>
<tr>
<td>16a</td>
<td>Alternative fuel infrastructure.</td>
<td></td>
</tr>
<tr>
<td></td>
<td># of stations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>16b</td>
<td>Alternative fuel vehicle conversion.</td>
<td></td>
</tr>
<tr>
<td></td>
<td># of vehicles</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Total alternative fuel credits. Add Lines 16a and 16b only and enter here.</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Employer-assisted Home Purchase Tax Credit <em>(see computation on reverse side)</em></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>DC Low-Income Housing Tax Credit <em>(see instructions)</em></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Total the nonrefundable D-30 credits, enter here and on Form D-30, Line 38.</td>
<td></td>
</tr>
</tbody>
</table>
The DC LIHTC applies to fiduciary tax returns also. A Line has been added directly to the D-41 form to report the credit.

| 14 | Tax on fiduciary income. | Use Calculation C/Tax Schedule to determine tax |
| 15 | Credit for taxes paid to other states | Credit may not exceed amount on Line 14. See instructions, page 9. Attach copy of state return. |
| 16 | DC Low-Income Housing Tax Credit | (see instructions). |
Estate Tax (D-76)

Estates of decedents for the period January 1, 2022 – December 31, 2022 have an exclusion amount of $4,254,800.
1094/1095 Reporting

- 1094/1095 filings for 2021 must be filed by April 30, 2022. If due date is Saturday, Sunday or legal holiday the due date is the next business day, May 2, 2022.
- DC will not accept XML, rather submissions must be in a .txt, or .zip file via the online web portal, MyTax.DC.gov
- The specifications are posted on the DC website at otr.cfo.dc.gov.
Individual / Business Income Tax Forms

QUESTIONS pertaining to Individual Income or business franchise tax forms (both paper and substitute versions)

DCsubformapproval@dc.gov

QUESTIONS pertaining to MeF

efile@dc.gov
District of Columbia Office of Tax and Revenue
Attention: The Office of the Taxpayer Advocate
1101 4th Street SW
Washington, DC 20024

(202) 442-6348

TaxpayerAdvocate@dc.gov

www.taxpayeradvocate.dc.gov
Questions & Answers