

Annual Tax Practitioner Institute January 11, 2023

Time	Topic	Presenter	
9:00 - 9:05	Welcome	Warren Farrar, Deputy Director, Customer Service Administration	
9:05 - 9:15	Opening Remarks	Keith J. Richardson, Deputy Chief Financial Officer	
9:15 - 10:45	Legal Updates	Alan C. Levine, Chief Counsel Robert McKeon, Deputy Associate General Counsel William Bowie, Senior Counsel Aaishah Hashmi, Corporate Tax Counsel Elissa Borges, Assistant General Counsel Sonia Kamboh, Assistant General Counsel Bazil Facchina, Assistant General Counsel Jon-Michael Olson, Assistant General Counsel Nirmail Dhaliwal, Senior Tax Advisor Joshua Domer, Assistant General Counsel	
10:45 - 11:00	Break		
11:00 - 11:30	Individual Income and Business Tax Highlights	Norman Evans Jr, Branch Chief of Systems and Forms	
11:30 - 11:50 11:50 - 12:30	Tax Exemption process	Jada Hayes, Tax Auditor Gloria Holmes, Audit Assistant James Lesane, Audit Assistant	
	Voluntary Disclosure Application process	NaQuazia Couser, Audit Assistant Genevieve Menan, Tax Auditor Mustafa Elevli, Audit Supervisor	
12:30 - 1:30	Lunch		
1:30- 2:00	Collection	Radee Skipworth, Director Melinda Jenkins, Deputy Director Shavonne McKnight, Branch Chief (Specialty Division) Marc Aronin, Chief, (Enforcement Division) Renee Teel, (Field Enforcement Division)	
2:00-2:30	Enforcement Administration	John Fowler, Chief Criminal Investigation Division Edward Rodrigues, Tax Fraud Manager Sabrina Phillips, Tax Fraud Manager	
2:30-3:00	Taxpayer Bill of Rights and Overview Office of the Taxpayer Advocate	Paul Smith Taxpayer Advocate	
3:00-3:05	Wrap up/Closing Remarks	Warren Farrar, Deputy Director, Customer Service Administration	



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

2024 TAX PRACTITIONER INSTITUTE

OFFICE OF GENERAL COUNSEL HOT TOPICS

January 11, 2024



Sixteenth Amendment to the U.S. Constitution:

"The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration."



... and, hence, the Internal Revenue Code and the modern American income tax system were born.



THE FACTS:

- Mr. and Mrs. Moore, U.S. individual shareholders, had a 10% ownership interest in a CFC.
- The CFC made no distribution to the Moores, and, therefore, income was never "realized" by the individual taxpayers.

THE TCJA:

• The Tax Cuts and Jobs Act (TCJA) enacted the one-time repatriation tax for 2017 as part of Subpart F, of the Internal Revenue Code (IRC), on U.S. individuals on their pro rata share of the "post-1986 accumulated deferred foreign income" if they met the 10% or greater ownership interest in a CFC. See IRC § 951(a)(1)(A).

THE ISSUE:

- Is the "repatriation tax" (RT) against U.S. individual shareholders of a Controlled Foreign Corporation (CFC) unconstitutional under the 16th Amendment to the U.S. Constitution?
- 16th Amendment (1913) provides for a tax on **income**, **from whatever source derived**.









CASES BELOW:

 IRS won in the U.S. District Court for the Western District of Washington and in the U.S. Court of Appeals for the Ninth Circuit.

US SUPREME COURT:

- Taxpayers then filed a "petition for a writ of certiorari" (a way to have the Supreme Court review the case).
- The Supreme Court "granted cert," and the case was argued before the Supreme Court on December 5, 2023.



SOLICITOR GENERAL'S ARGUMENT (FOR U.S.)

- 16th Amendment does not contain the requirement that income be <u>realized</u>.
- Even if realization is not required, the corporation, nevertheless, realized income and that is sufficient to tax the gross income of the individual owners. SG asks the Court not to adopt a realization requirement because other taxing schemes in the IRC do not use it.
- Thus, taxing gross income under the RT is similar to other laws: a distribution from partnership to partner, a Subchapter S or limited liability company distribution, or other parts of Subpart F, IRC. Subpart F has taxed undistributed foreign income for over 60 years.
- Also, in futures (stock) trading, the IRC deems year-end gains to be realized and taxable. The enactment of the RT is similarly a rational approach by Congress and not arbitrary.
- RT is a one-time tax to preclude tax avoidance. By 2015, CFCs had accumulated **more** than \$2.6 trillion in offshore earnings not subjected to U.S. taxation.





EFFECT OF LOSS BY FEDERAL GOVERNMENT:

- If taxpayers win, and the RT is found to be unconstitutional, the IRS will have to pay billions in refunds. As a result, states and local governments, such as the District, would have to pay out large amounts in refunds.
- My impression, from attending the hearing, is that the Court may be trying to find that the RT is a rational rather than arbitrary statute. However, no one can predict the outcome in advance.
- Supreme Court decision is expected in Spring 2024.





Collections Issues

Certificate of Clean Hands



Street Vendor Amnesty Program





DC Domicile & Residency

- ☐ Types of Residents
 - 1. Domiciliary
 - 2. Statutory Resident
 - Maintaining Place of Abode
 - Temporary Absences
- ☐ Change of Domicile
- International Relocations
- ☐ Definition of Part-Year Resident

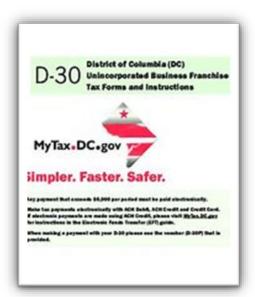
- **□** Out-of-State Credits
- ☐ Reciprocal Agreements





What is an "Unincorporated Business"?

Generally, <u>any person or entity</u> that is <u>engaged in a trade or business</u> in the District or who receives income from sources in the District.



An unincorporated business can include:

- an individual (whether a DC resident or a resident of another state);
- a limited liability company;
- a partnership, limited partnership or special partnership;
- a society or association; or
- an estate, a trust or executor, administrator, receiver, trustee, liquidator, conservator, committee assignee, or any other fiduciary or entity.



Does every Unincorporated Business have to file a D-30?



(as a general rule)



Common Exceptions:

- Gross income of \$12,000 or less: The business must file a D-30N,
 Affidavit in Lieu of DC Franchise Tax Return. If the taxpayer is a DC resident or DC trust or estate, the income must be reported on the taxpayer's D-40 or D-41.
- A disregarded entity (DRE): DRE's do not have to file a <u>separate</u> D-30. However, the DRE must be disclosed on Schedule K of D-30 (or D-20) of the actual taxpayer entity (the "parent").
- Member of a combined group: However, the entity must be included on the Combined Group Member Schedule of D-30 (or D-20) filed by the designated agent.
- A corporation (including an S corporation): These entities are subject to the DC corporation franchise tax and must file a D-20.
- Exclusions from the definition of a UB: However, these business must file a <u>D-65</u> (and/or, if applicable, a D-40, D-41 or, in some cases, a D-20).



What is **EXCLUDED** from the definition of "Unincorporated Business"?

- A business that cannot be incorporated under DC law.
- A blind person licensed to operate a stand in a federal building.
- A Qualified High Tech Company ("QHTC").
- A trade or business that arises solely by reason of the purchase, holding, or sale of, or entering, maintaining, or terminating of positions in stocks, securities, or commodities for the taxpayer's own account.

- A profession which can be incorporated only under Chapter 5 of Title 29 of the D.C. Code (professional corporations).
- A trade or business in which:
 - more than 80% of the gross income is derived from the personal services actually rendered by the individuals or the members of the partnership or other entity in the conducting or the carrying on of a trade or a business; and
 - <u>capital is not a material</u> <u>income-producing factor</u>.



Low-Income Housing Tax Credit (LIHTC)



- OTR Tax Notice 2023-02: <u>Transfer Requirements</u> <u>for District of Columbia Low-Income Housing Tax</u> <u>Credit</u> (February 14, 2023).
- Owner of a "qualified project" transfer/sell/allocate to "eligible entities"
 - Affidavit of Financial Feasibility
- "Minimum Price" an amount that exceeds the lesser of \$.70 per \$1.00 or 80% of the per dollar sale price for the federal LIHTC
- Subsequent transfers to an eligible entity and carryforward of unused credits – OTR online credit manager



Non-Filer Proposed Assessment Appeals

How are potential DC taxpayers identified?

- OTR receives data from the IRS that identifies taxpayers who have filed a federal income tax return with a DC address.
- This list is cross-referenced with OTR's data to see if those individuals filed a DC income tax return.
- Individuals that did not file are reviewed internally and then notified.







Non-Filer Informational Notices

What notices does OTR send to taxpayers?

1. <u>Information Request</u>

- Notifies taxpayer that a return is missing. Asks taxpayer either to:
 - provide a copy if previously filed,
 - file and pay if a return was due but was not filed, or
 - submit an explanation with documentation to show a return was not due.
 - Failure to respond within 60 days may result in a proposed assessment.

2. Notice of Intent to Make Return

- Sent after 30 days if taxpayer has not produced a return or sufficient information to establish that they were not a resident.
- Summarizes the IRS information that will be used to make a return.



Non-Filer Assessment Notices

What notices does OTR send to taxpayers? (continued)

3. Notice of Proposed Assessment

- The return summarized before has now been finalized as a proposed assessment.
- Explains how to appeal this assessment to the Office of Administrative Hearings (OAH) within 30 days.

4. Final Assessment of Tax Delinquency

- Sent 30 days after the Notice of Proposed Assessment.
- The proposed assessment has now been finalized and the window to appeal to the OAH has closed.
- Explains how to appeal to the DC Superior Court once they've received a "Statement of Tax, Interest and Penalties."



Non-Filer Response and Review

How should taxpayers respond?

- Taxpayers should respond promptly once notified and follow up with OTR to confirm their receipt and review.
 - The preferred method to submit documentation is by uploading directly to MyTax.DC.gov. You can also mail in your response. (Instructions are included with the notices.)
- If additional information is needed, OTR will send a "<u>Request for Additional Information</u>" letter listing which items they want.
- Once reviewed, if OTR agrees that a return is not due, they will issue a "Notice of Case Closure" letter.
- If you've submitted documentation to OTR and are waiting for a response, but you still receive a Notice of Proposed Assessment, you should file an appeal to OAH (before the 30-day deadline) to preserve your rights.
 - If you receive a Notice of Case Closure after filing an appeal to OAH, you will then need to notify OAH that your protest has been resolved and the appeal can be closed.



Real Property Update

Real Property Tax Assessment Appeals



Vacant and Blighted Property



Real Property Tax Deferrals





Tax Sale

- Annual Sale to be held <u>July 17 & July 18, 2024</u>
- No discount on lien amount
- Registration typically opens 2 weeks prior to the sale and continues until the last day of the sale
- Tax Sale Seminars (date TBD) attendance is highly encouraged
- DC Tax Sale operates on theory of Caveat Emptor
- Tax Sale FAQ's https://otr.cfo.dc.gov/page/real-property-tax-sale



Tax Relief for Homeowners

Real Property Tax

- Homestead Deduction
- Disabled Veterans Deduction
- Senior Citizen and Disabled Homeowner Deduction
- Low Income Homeowner Tax Abatement





Recordation Tax

First-Time Homebuyer
 Recordation Tax Rate



Personal Property Tax Update

 Documentation of Disposal of Assets











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Q&A



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

Keith J. Richardson - Deputy CFO

Returns Processing Administration

Norman Evans, Branch Chief Systems, Forms and Accounting Unit Presenter

*Tax Practitioner Institute*January 11, 2024



Disclaimer

- Form changes identified in this presentation and supporting documentation are subject to change pending District of Columbia and/or Congressional approval of the District's Budget Support Act (BSA)
- Timely notification of any form changes due to legislation will be announced on the DC website and via the NACTP distribution list



Agenda

- Individual Income Tax Highlights
 - Standard Deduction and Additional Standard Deduction
 - Earned Income Tax Credit
 - ITIN Filers
 - Earned Income Tax Credit Without Qualifying Children
 - Earned Income Credit Miscellaneous Update
 - Schedule H
 - Schedule ELC
 - Schedule HSR
 - D-40B
 - Consumer Use Tax
- Business Tax Highlights and Others
 - Unincorporated Business Franchise tax
 - Estate Tax
 - Payment Vouchers
 - Withholding Tax
 - DC Low-Income Housing Tax Credit
 - Information Returns



INDIVIDUAL INCOME



2023 Standard Deduction and Additional Standard Deduction

- The standard deduction amounts have increased:
 - \$12,950 to \$13,850 for single and married/registered domestic partners filing separately;
 - \$19,400 to \$20,800 for head of household filers;
 - \$25,900 to \$27,700 for married/registered domestic partners filing jointly and qualifying widow(er) with dependent child(ren)
- The additional standard deduction amounts have increased (*If you were born before January 2, 1959, you are considered to be age 65 at the end of 2023):
 - \$1,400 to \$1,500
 - \$1,750 to \$1,850 if single or head of household
- When married filing separately, you may take an additional standard deduction for your spouse/registered domestic partner <u>only</u> 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.



2023 Earned Income Tax Credit

District Earned Income Tax Credit Updates for Tax Year 2023

Amount: 70% of federal EITC

(with qualifying children)

Payout:

- \$1200 and greater12 Monthly Payments
- Less than \$12001 Lump Sum Payment





2023 Earned Income Tax Credit ITIN Filers

47–1806.04(f)(1)(D)(ii): For taxable years beginning after December 31, 2022, an individual who would otherwise be allowed a federal earned income tax credit but for the requirement of section 32(m) of the Internal Revenue Code of 1986 shall be allowed a credit against the tax imposed by this chapter for the taxable year in the same amounts and to the same extent as provided in this subsection and the form of any such return shall be prescribed by the Chief Financial Officer; except, that an individual taxpayer identification number issued by the Internal Revenue Service shall be permitted for the individual, the individual's spouse, or any qualifying child claimed on the return.



2023 Earned Income Tax Credit without Qualifying Children

- Maximum credit amount has increased from \$560 to \$600.
- For TY2023, eligible claimants without Qualifying Children can be eligible for EITC Monthly Installment payments if eligibility requirements are met
- Reinstated eligibility requirements that a taxpayer must be at least age 25, but not age 65 at the end of 2023 to qualify for this credit.
- If Earned Income or Federal Adjusted Gross income is greater than \$28,963 taxpayer is not eligible to claim this credit.
- The investment income test is increased from \$10,300 to \$11,000



Earned Income Credit Miscellaneous Update

 For TY23 Part Year, Schedule N Non-Custodial Parent EITC Claimants, and taxpayers claiming EITC Without Qualifying Children can be eligible for EITC monthly installment payments if eligibility requirements are met

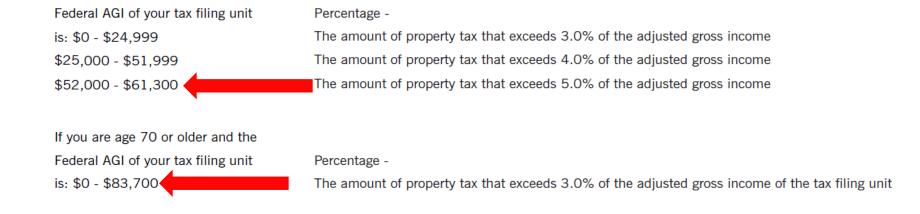


If you are under age 70 and the

2023 Schedule H

- The maximum property tax credit limit is increased from \$1,250 to \$1,325.
- New federal adjusted gross income (AGI) limits

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 \$1325.





2023 Schedule ELC – Keep Child Care Affordable Tax Credit (formerly Early Learning Tax Credit)

7a Child Development Facility License Number			
7b Is the child development facility operated by the federal	Yes.	Yes.	Yes.
government or by a private provider on federal property?	No.	No.	No.
8 Child Development Facility taxpayer identification number			
9 For payment purposes, was the child under age 3 as of 9/30/2023?	Yes. Include payments made for care from 01/01/2023 through 12/31/2023	Yes. Include payments made for care from 01/01/2023 through 12/31/2023	Yes. Include payments made for care from 01/01/2023 through 12/31/2023
3,00,20201	No. Include payments made for care from 01/01/2023 through 8/31/2023	No. Include payments made for care from 01/01/2023 through 8/31/2023	No. Include payments made for care from 01/01/2023 through 8/31/2023
10 Amount paid. See instructions	\$.00	\$.00	\$.00
11 The maximum credit you can receive for each eligible child is \$1,115	\$ 1 1 1 5 .00	\$ 1 1 1 5 .00	\$ 1 1 1 5 .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



2023 Schedule ELC – Keep Child Care Affordable Tax Credit (formerly Early Learning Tax Credit)

- The amount of the credit is increased to \$1,115.
- You are not eligible to receive this credit if the taxpayer's District taxable income for the taxable year exceeds the amounts below:
 - Single and head of household: \$167,400;
 - b. Married/Registered Domestic Partners
 Filing Jointly: \$167,400;
 - C. Married/Registered Domestic Partners Filing Separately on the same return: \$167,400;
 - Married/Registered Domestic Partners
 Filing Separately: \$83,700



Schedule HSR – DC Health Care Shared Responsibility

- DC law requires all residents to have health coverage in 2023, 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 \$745 for each adult and \$372.50 for each child, up to \$2,235 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.



Schedule HSR – DC Health Care Shared Responsibility

The federal adjusted gross income exemption amount has increased to \$32,367.60.

PAF	RT II Do you have an exemption?
2	Can someone else claim you as a dependent on their federal income tax return for 2023? Yes. Proceed to Part IV. See instructions. No.
3	Was your federal adjusted gross income below the applicable filing threshold for your filing status for 2023? See instructions Yes. Proceed to Part IV. See instructions. No.
4	Was your federal adjusted gross income reported on your D-40, Line 4 for 2023 equal to or less than \$32,367.60 Yes. Proceed to Part IV. See instructions. No.
If you	answered Yes to any of questions 2 - 4, enter zero on Line 25 of your D-40. If not, continue by answering questions 5 - 6.
5	Do you affirm under the penalties of perjury that you or any member of your health care shared responsibility family lacked qualifying health coverage in 2023 on the basis of a sincerely held religious belief during the entire taxable year? Yes. You must complete Part III before completing Part IV. No.
6	Are you claiming an exemption (other than a sincerely held religious belief) for at least one month for 2023 for yourself or any member of your health care shared responsibility family? Yes. You must complete Part III before completing Part IV. No.
	answering questions 5 - 6, complete Part IV to determine the amount to enter on Line 25 of your D-40. If you answered yes to tion 5 or 6, you must also complete Part III.

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Schedule HSR – DC Health Care Shared Responsibility

Low Income Exemption Eligibility Thresholds

Number of Shared Responsibility Family Members:	If your AGI is equal to or below the following amounts, members aged 21 or older as of	If your AGI is equal to or below the following amounts, members under age 21 as of 12/31/2023
	12/31/2023 are exempt:	are exempt:
1	\$32, 367.60	\$47,239.20
2	\$43, 778.40	\$63,892.80
3	\$55,189.20	\$80,546.40
4	\$66, 600.00	\$97,200.00
5	\$78,010.80	\$113, 853.60
6	\$89,421.60	\$130,507.20
7	\$100,832.40	\$147,814.40
8	\$112,243.20	\$163,814.40
For Each Additional Member, add:	\$11, 410.80	\$16, 653.60



Schedule HSR – DC Health Care Shared Responsibility

The District Average Bronze Plan Premium Calculation (Works	heet C-1) is
updated. Government of the District of Columbia District of Columbia District of Columbia	Important: KEEP FOR YOUR RECORDS. DO NOT FILE.
C. District Average Bronze Plan Premium Calculation	
Worksheet C-1 (No exemptions claimed)	
Worksheet C-1 - Complete this worksheet if you completed Worksheet A-1. If you were required to commust complete Worksheet C-2. (See instructions on who is included in your health care shared response	
	Round cents to nearest dollar. If amount is zero, leave line blank.
1. Enter the number of members in your health care shared responsibility family.	1.
2. Enter the amount that corresponds to the number of members in your health care shared responsibility family. 1 person - \$4,056 2 persons -\$8,112 3 persons -\$12,168 4 persons -\$16,224 5 or more persons -\$20,280	
Enter this amount on Schedule HSR, Part IV, Line 16.	200
Worksheet C-2 (Exemptions claimed for at least one month for at least one member in your health	care shared responsibility family
Worksheet C-2 - Complete this worksheet only if you were required to complete Worksheet A-2. If you were complete Worksheet A-2, complete Worksheet C-1. Do not complete this worksheet if you completed We (See instructions on who is included in your health care shared responsibility family.)	vere not required to vorksheet A-1.
1. Enter the total number reported on Worksheet A-2, Line 1b.	1.



2023 D-40 B Nonresident Request for Refund

Personal information			OFFICIAL USE ONLY
Your first name		M.I. Last name	Vendor ID#0000
Your Taxpayer Identification Nu	mber (TIN) Your date of	birth (MMDDYYYY)	Daytime phone number
Current mailing address (number	er, street and suite/apartment number	if applicable)	
City		S	tate Zip Code + 4
Country or U.S. commonwealth	/U.S. territory		
Email Address			
			plicable, DD Form 2058, JAN 2018. Indicate property information on Line C if applicable.



Consumer Use Tax (FR-329)

During the period of April 1, 2023 through March 30, 2027, sales and use tax on hotel or short-term lodging accommodations is temporarily increased from 14.95% to 15.95%. Line 7 of FR-329 is split into two lines to handle these two different rates.

* * *	Tax Year: 2023	Consumer Use Tax Return		Due Date: 4/15/20
	Government of the District of Columbia	Form: FR-329 Return		Tax Period Ending: 12/31/20
		Amount Purchased	Rate	Тах
1. Merchandis	se, services and rentals	\$0.00	0.0600	\$0.00
2. Soft drinks	(not for immediate consumption)	\$0.00	0.0800	\$0.00
3. Food and d	Irinks for immediate consumption	\$0.00	0.1000	\$0.00
4. Prepaid tele	ephone calling cards	\$0.00	0.1000	\$0.00
5. Alcohol for	consumption off-premises	\$0.00	0.1025	\$0.00
6. Rental vehic	cles	\$0.00	0.1025	\$0.00
	hort-term lodging accommodations o 03/31/2023)	\$0.00	0.1495	\$0.00
	hort-term lodging accommodations to 12/31/2023)	\$0.00	0.1595	\$0.00
8. Parking		\$0.00	0.1800	\$0.00
	lue. Add lines 1 through 8.			\$0.00



Business Taxes and Others

Unincorporated Business Franchise (D-30)
Estate Tax (D-76)
Payment Vouchers
Withholding Tax (FR-900A and NP)
DC Low-Income Housing Tax Credit (LIHTC)
1094/1095 Reporting



Unincorporated Business Franchise Tax New Notices for the D-30N

The D-30N (Affidavit of Gross Income In Lieu of D-30) was introduced last filing season for D-30 taxpayers who are not required to file a D-30 but are adversely affected in obtaining Clean Hands.

<Two New Notices>

- NOTICE TO FILE UNINCORPORATED BUSINESS FRANCHISE TAX RETURN (D-30) TO REQUEST A REFUND
 - To enforce our rule that the D-30N cannot be filed to claim a refund.
 - When the D-30N is filed to a period where payments/credits are present, MITS will stop refund and automatically issue this notice advising the filer to re-file a full D-30 return.
- NOTICE OF REQUEST TO FILE AN AMENDED UNINCORPORATED BUSINESS FRANCHISE TAX RETURN (D-30)
 - To enforce our rule that the D-30N cannot be filed to amend a D-30 original.
 - When the D-30N is filed to a period where the D-30 is already posted, MITS will make the D-30N an Info Only return and automatically issue this notice advising the filer to file a full D-30 return as amended.

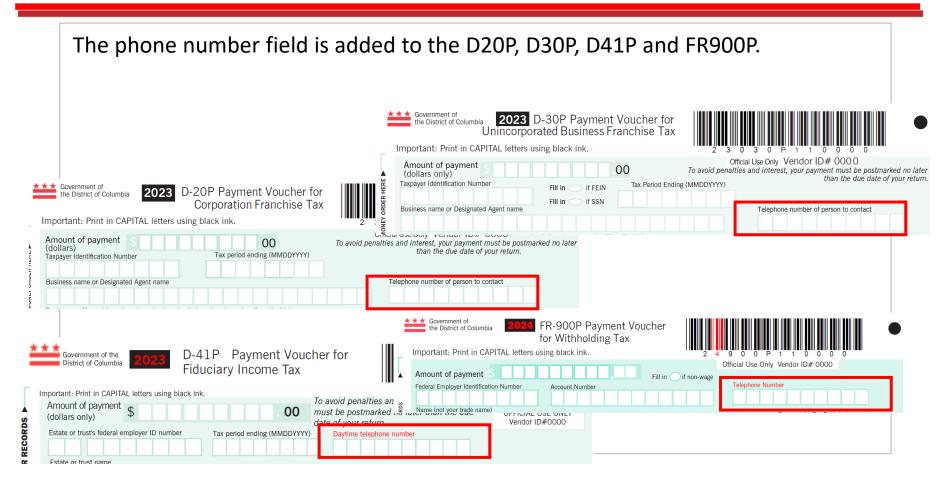


Estate Tax (D-76)

- Estates of decedents dying January 1, 2023 December 31, 2023 have an exclusion amount of \$4,528,800.
- Estates of decedents dying January 1, 2024 -- December 31, 2024 have an exclusion amount of \$4,715,600.



Payment Vouchers





Withholding Tax

■ A bulk file option for the Employer/Payor Withholding Tax Return (FR-900A) and the non-payroll Withholding Return (FR-900NP) is now available for TY2023 and TY2024.



DC LIHTC (Low-Income Housing Tax Credit) New MyTax.DC.gov Sign-Up Method

- This is to provide Non-DC taxpayers and insurance companies who are involved in certified DC Low-Income Housing Tax Credit (LIHTC) projects with an easier way to register their business in MITS and obtain a web logon. Works very similar to other existing non-DC taxpayer sign-ups such as for Third party designees and Bulk filers.
- Who can use this sign-up?
 - Customer who is involved in LIHTC transfers; and
 - Customer who is not previously registered in MITS; and
 - Customer who has no tax obligations in DC with OTR; and/or
 - Customer with an address not in DC
- This is an invitation only sign-up site which taxpayers cannot navigate to get to. The link will be only included in the LIHTC instruction booklet.



Information Returns

- Health Care Information Returns (1094/1095)
 - Filings for 2023 must be filed by April 30, 2024 (30 days after the IRS deadline).
 - DC will not accept XML, rather submissions must be in a .txt, or .zip file via the online web portal, <u>MyTax.DC.gov</u>
 - The specifications are posted on the DC website at <u>otr.cfo.dc.gov</u>.

■ W2G/1099

• Starting TY2023 (filing in 2024), DC is participating in the IRS Combined Federal/State Filing (CF/SF) Program. However, for the annual reporting of W-2G/1099s, DC still requires a separate filing for TY2023 directly with OTR via bulk upload or online data entry on OTR's tax portal, MyTax.DC.gov



RPA Contact Information

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

QUESTIONS pertaining to Bulk Filing BulkwhsuTesting@dc.gov

QUESTIONS pertaining to LIHTC OTRDCLIHTCteam@dc.gov



Taxpayer Advocate Contact Information

Attention: The Office of the Taxpayer Advocate

1101 4th Street SW

Washington, DC 20024

(202) 442-6348

TaxpayerAdvocate@dc.gov

Questions & Answers





The More You Know

Government of the District of Columbia Office of the Chief Financial Officer 1101 4th ST SW, Washington, DC 20024

Office of Tax and Revenue
Audit Division
Tax Practitioner Institute
January 11, 2024



Exemptions

FR164 Exemption

James Lesane

Supervisory Tax Auditor

Office of Tax and Revenue (OTR)



Exemptions Audit Division

- Most nonprofit organizations that are recognized by the Internal Revenue Service (IRS) will qualify for tax- exempt status with the Office of Tax and Revenue (OTR).
- Exempt and nonprofit organizations must establish and maintain their District tax-exempt status.
- OTR ensures that exempt and nonprofit organizations are registered for taxes and have applied for tax-exempt status by filing form FR-164 and, if required, pay the proper taxes.



What is a Semipublic Institution?

A "Semipublic institution" means any corporation, and any community chest, fund or foundation, organized exclusively for religious, scientific, charitable, or educational purposes, including hospitals, no part of the net earnings of which incurs to the benefit of any private shareholder or individual-Refer to DC Code §47-1802.01 (a)



Federal Exemption Status Documentation Requirements

- IRS Determination Letter
- IRS Affirmation Letter
- Some Not For Profits are established by Acts of Congress
 - Example: NCAA



FR164 Application for Exemption

Three common accounts included in the Request via Tax Portal

- Personal Property Tax (400-xxxxxxxxxx)



Exemptions: Effective Length

- Exempt Organizations5 years
- Exempt religious organizations10 years



Exemptions: Effective Length

- Exempt Organizations with
 a Workspace Agreement will receive
 an Exemption of 2 years
- For the Entity's Sales and Use Tax and Personal Property Tax Accounts



Incorporation Status

Categorized by Entity Corporation Status by Department of Licensing and Consumer Protection (DLCP)

- 1. Domestic: Incorporated in the District
- 2. Foreign: Incorporated outside the District



Incorporation Status Documentation Requirements

- Department of Licensing and Consumer Protection (DLCP) Certificate of Registration or Authority for an entity incorporated outside the District
- Department of Licensing and Consumer Protection (DLCP) Certificate of Incorporation for an entity incorporated in the District



Incorporation Status Documentation Requirements

 Department of Licensing and Consumer Protection (DLCP) Certificate of Good Standing for both types of entity incorporation status



GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF LICENSING AND CONSUMER PROTECTION CORPORATIONS DIVISION



THIS IS TO CERTIFY that all applicable provisions of the District of Columbia Business Organizations Code have been complied with and accordingly, this *CERTIFICATE OF REGISTRATION* is hereby issued to:



Effective Date: 12/11/2023

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of this office to be affixed as of 12/11/2023 10:27 AM



Muriel Bowser Mayor Business and Professional Licensing Administration

Rebecca Janovich

REBECCA JANOVICH
Superintendent of Corporations,
Corporations Division

Department of Licensing and

Consumer Protection (DLCP)

Certificate of Registration



Physical Presence Status

 Entity office where Operations of business are conducted in the District



Physical Presence Documentation Requirements

- Active Lease
- Occupation Permit (COO or HOP issued by Department of Buildings or DOB)
- Payments for 6 months to Landlord/Lessor

Department of Buildings (DOB) Home Occupancy Permit





Government of the District of Columbia Department of Buildings

1100 4th Street SW Washington DC 20024 Tel. (202) 671-3500



Issued Date:

HOME OCCUPATION PERMIT





							_					
Address:						Zipcode:	Zone:	Ward:	Squ	iare:	Suffix:	Lot:
Owner Name:			Owner	Address:	_							
00000				600(
Business Entity Type	e:	Business	Гуре:		Description:				PERI	NIT I	FEE :	
Corporation Home Offi				00000					APPLICATION: PERMIT:			
Bus Owner/Tenant	966		Busines Addres	_							BZA No	0:
Total Sq. Footage:	% of Use:		Sign:		Sign Size and Nan	ne:						
Employees: No. Employees:		yees:	Leased Parking:		Parking Type Provided:				Off Street Parking:			
Bed & Breakfast: Meals Served:		/ed:	# Sleeping Rooms:			No. F	Residents	:		Othe	er Reside	nts:
Days of Operation:			Hours o	f Operation:	ı							
Thru			From:		To: (1):							
Conditions/ Restric	tions:					'						
Acting Director Ernest Chrappa		tchap	pah	Permit Cler	rk							
			<u> </u>									

TO REPORT WASTE, FRAUD OR ABUSE BY ANY DC GOVERNMENT OFFICIAL, CALL THE DC INSPECTOR GENERAL AT 1-800-521-1639

Call Miss Utility at 811 or 1-800-257-7777 at least 48 Hours prior to excavation to obtain a ticket. //www.missutility.net/wshingtondc/dcstatelaw.asp

To schedule a CONSTRUCTION INSPECTION or for INQUIRIES CALL (202) 442-9557

15

Department of Buildings (DOB) Home Occupancy CofO Permit



Government of the District of Columbia

Department of Buildings

1100 4th Street SW Washington DC 20024 Tel. (202) 671 - 3500



ensure compliance with all the applicable regulations of the District of Columbia.

Einest Chrappah

Acting Director:

12/13/2022

Ernest Chrappah

DEDMIT NO

CERTIFICATE OF OCCUPANCY

dob.dc.gov



Issued Date:

Address:	Z	one:	Ward:	Square:	Suffix:	Lot:		
00000				••	•••	04		
Description of Occupancy: DFFICE								
Permission Is Hereby Granted To:	Trading As:		Floor(s) Occupied		ocupan		•	
Poperty Owner:	Address: 69/100 90/100	.	BZA/PUD Number:		Occupied Sq. Footage:			
Building Permit Number (if	Type of Application:	''	ode Use Other (Spec		PERMIT FI			
	Approved Zoning Code Approved Zoning Gene							
Conditions/ Restrictions:								
THIS CERTIFICATE MUST ALWAYS BE CO DCMR Title 11 (Zoning) and Title 12 (Constr As a condition precedent to the maintain the use authorized here accordance with all applicable laws	uction). issuance of this Certificat eby in accordance with th	e, the owner agrees to the common terms of the	o conform with all o and plans on file w	ondition	ns set for District G	th herein	, and t and	

Expiration Date:

Permit Clerk

ADMIN



Additional Physical Presence Documentation Requirements

- MITS Account Address must correspond to documentation submitted where Entity reports business operations are conducted
- MITS Account Address issues arise when Entity operates in multiple jurisdictions without documenting the District address in MITS



Additional DLCP Entity Status Documentation

- Department of Licensing and Consumer Protection (DLCP) Certificate of Amended Registration
- Department of Licensing and Consumer Protection (DLCP) Certificate of Reinstatement



Federal Documentation Status created with TP FR164 Application

Many of one of the most common IRS Exemption Status types, 501 (c) (3), have a hyperlink with the Application

- 1. Entity IRS Status is reported by IRS via a hyperlink
- 2. Permits the entity's Application to have a verified Federal Exemption Status without updated documentation from the entity



FR164 Application for Exemption Customer Case Confirmation Number

- Entity requests an Application for Exemption for one or multiple accounts via the Tax Portal
- When the request is completed, the system produces a confirmation number that identifies the Entity's request via the Taxpayer side of the Portal
- The request is Processed by OTR and the confirmation number is associated with a Customer Case Number



FR164 Application for Exemption Customer Case Confirmation Number

The Case Number is assigned to the Audit Staff by the Audit Division Manager by

- 1. Direct Case Assignment: adding the Case to the Auditor's Work Queue
- 2. General Case Assignment: adding the Case to a Work Queue accessed by Audit Staff by the MITS Inventory Work Queue Command: Get Next Task



Common Reasons for Denials

- 1. Failure to attach requested documents
- 2. Attaching outdated, revoked, or expired certificates
- 3. Attaching proof of location that differs from address on file
- 4. Failure to attach name change documents and or update name registration
- 5. Exempt org submitted a DLCP Business License for a DLCP Certificate of Registration
- 6. Exempt org submitted an OTR Certificate of Registration for a DLCP Certificate of Registration



Denial Next Steps

- 1. A denial letter will be sent out for each tax-type that was applied for.
- 2. The letter will detail the reason for the denial and contact information of the auditor.
- 3. Applicants must reapply and attach and or correct the reason(s) for the initial denial.



Changes and Updates

- All applications for exemptions (FR-164) are processed via MyTax.DC.gov.
- Paper FR-164 forms are no longer accepted via fax, mail-ins, drop-offs.
- Applicants now have the option to apply for one or all exemptions on the same application.



Contact Us

Tax Exemption Unit

- James Lesane James.Lesane@dc.gov; 202-442-6623
- Vincent Mbanefo Vincent.Mbanefo@dc.gov; 202-442-6583
 - Gloria Holmes gloria.holmes1@dc.gov; 202-442-8035
 - Jada Hayes- Jada.Hayes@dc.gov; 202-442-6622

E-Services Unit

- **2**02-759-1946
- e-services.otr@dc.gov



Thank you

Q & A



VOLUNTARY DISCLOSURE PROGRAM

- To encourage individuals and businesses who are not current in filing their District tax returns to come forward voluntarily to bring their accounts in compliance with the District's tax laws.
- If a taxpayer or business has failed to pay District taxes or has transactions on which taxes should be paid, the taxpayer may contact the Voluntary Disclosure Unit in OTR to make satisfactory arrangements to clear their tax record.



GUIDELINES FOR ANY VOLUNTARY DISCLOSURE APPLICANT

- Any taxpayer can apply to remedy any tax obligation under voluntary disclosure except for tax liability under the authority of the Real Property Tax Administration and Qualified High Technology Company liabilities.
- In most cases, the Voluntary Disclosure Unit in OTR will agree to limit the look-back period to three years or the date when the taxpayer established nexus in the District of Columbia.



GUIDELINES FOR ANY VOLUNTARY DISCLOSURE APPLICANT

- For nonprofit organizations that already have their tax-exempt status approved by OTR, voluntary disclosure may be used to cover unreported Unrelated Business Income (UBI) from prior years. Corporations report UBI to the District of Columbia using Form D-20; all others use Form D-30.
- without a physical presence in the District to collect and remit sales tax if they had, in the previous calendar year, or will have, in the current calendar year, more than \$100,000 of gross receipts from retail sales delivered into the District or more than 200 separate retail sales delivered in the District. This new requirement is effective as of January 1, 2019. Additionally, the legislation required marketplace facilitators, as defined by new D.C. Code § 47-2001(g-5), to collect and remit to the District sales tax on sales made on their marketplaces. This requirement is effective as of April 1, 2019.



GUIDELINES FOR ANY VOLUNTARY DISCLOSURE APPLICANT

For sales or gross receipts tax cases, if the taxpayer collected sales tax or reimbursement for gross receipts tax from their customers but did not remit the tax to the District of Columbia, the lookback period imposed will be the greater of three years or the date nexus was established in the District of Columbia.



BENEFITS OF PARTICIPATING IN THE PROGRAM

- Taxpayers can remain anonymous during the initial application stage;
- Minimizes expenses and expedites the resolution of tax liabilities;
- Disclosed periods are protected from audits;
- In most cases, the look-back period will be three years;
- OTR will not assess any penalties or late fees on the disclosed periods;
- Primarily all electronic process.



BENEFITS OF PARTICIPATING IN THE PROGRAM (CONTINUED)

If the tax liability in certain cases is a substantial amount, the OTR may agree to establish a payment agreement through the Collection Division, if an adequate amount is paid up-front. However, if the taxpayer misses one scheduled payment, the agreement could be considered as null and void. The Voluntary Disclosure Unit in OTR reserves the right to assess additional penalty and interest on the remaining balance of tax due at that time.



WHO IS NOT ELIGIBLE?

The taxpayer is not eligible for the voluntary disclosure program if the taxpayer:

- Has been contacted by OTR or its representatives (i.e., Multistate Tax Commission or RSI Enterprises);
- Has been filing intermittently, has unreported income on a filed return, or
- Is currently registered and has filed returns for the specific tax type.
- For taxpayers that are ineligible, you may contact the Voluntary Disclosure Unit for an alternative method to bring your account into compliance.





Clean Hands

I want to...

- > Request a Certificate of Clean Hands
- > Validate a Certificate of Clean Hands
- > Learn More About Certificate of Clean Hands

For trial on contact Not support distribution of the C.N. Level is		Sciedingerotics consumers (#	Wester ID#0000 ant Co. orders in open
me ter exis	W Section		ST A CONTRACT
SELECTION OF THE PROPERTY OF THE SELECTION	MIL LANGUAGE		the dimensi

Forms

I want to...

- > Submit an Extension
- > View/Retrieve Current Year Tax Forms
- > View/Retrieve Prior Year Tax Forms
- > View MeF Information



Quick Links

I want to...

- > Submit a Customer Service Survey
- > View FAQs
- > View Tutorials
- > Contact OTR



Quick Payments

I want to...

Pay with Credit/Debit Card



Resources

I want to...

> Go to OTR Homepage



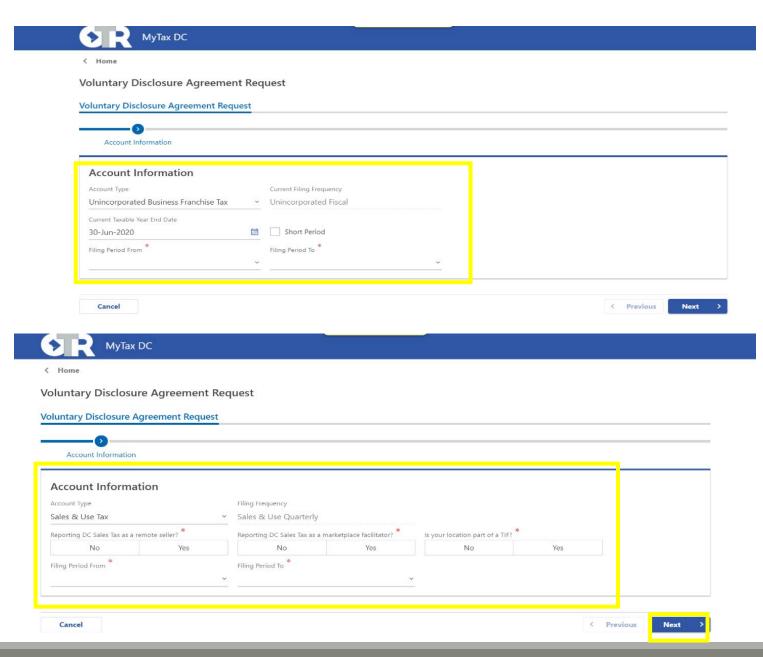
Submissions

I want to...

- Retrieve a Saved Submission or Previously Filed Return
- > Submit Requested Documentation
- > Submit VDA

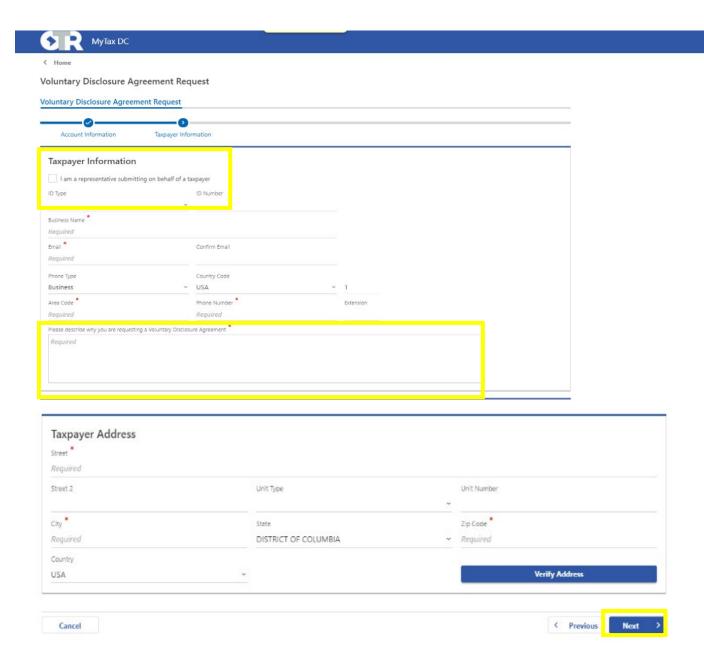
Account Information

- Under the Account Information, select the account type being disclosed, year end date (for unincorporated and corporate franchise tax, enter your current taxable year end date) and the appropriate filing frequency will populate.
 - When selecting Sales & Use Tax, three required questions will appear. The provided answers will determine the filing frequency.
 - Click "Next"



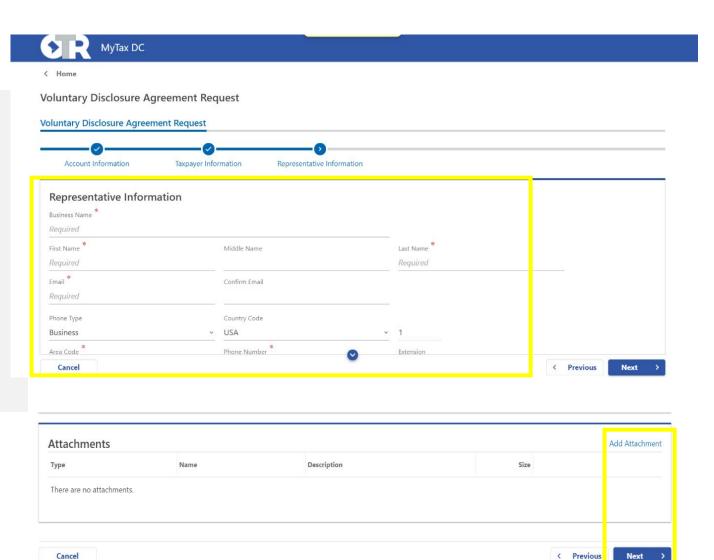
Taxpayer Information

- If you are the taxpayer, fill out all the required boxes on this page. Check the "I am a representative submitting on behalf of the taxpayer" if you are the taxpayer and want to remain anonymous.
- Provide a description of the entity and why you are requesting a Voluntary Disclosure in the description box.
 - Click "Next"



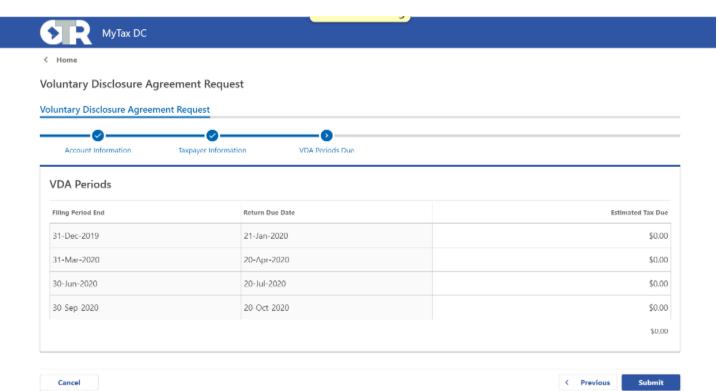
Representative Information

- If you have checked the "taxpayer representative" box, fill out the representative information.
- As the representative, you will need to attach the Form D-2848 (Power of Attorney and Declaration of Representation). Click "Add Attachment" to attach the form.
 - Click "Next"



VDA Periods and Estimated Tax Due

 Provide an estimated tax due for the periods being disclosed. DO NOT leave this blank or fill in all zeros. This will cause a delay in processing or rejection.

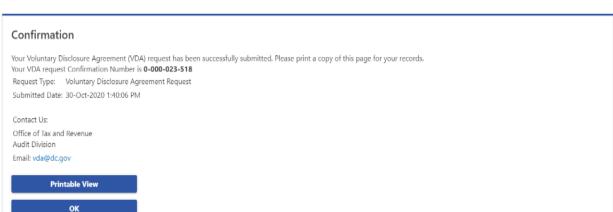


VDA Request Confirmation

- The Confirmation page is displayed. To obtain a printed copy of this page, click "printable view". You will need to retain a copy of the confirmation number as point of reference when inquiring about the status of the request.
 - Click "OK".



< Home





CONTACT US

Voluntary Disclosure Unit

• Email us at: vda@dc.gov



Q & A





Operations Overview

Collection and Enforcement Administration

1101 4th Street SW Washington DC 20024

2024



Our Mission



Our SMARTER Goals

Service Driven with Strong Work Ethic

Motivated and Mission Focused

Accountable

Respectful of my Customers and Co-Workers Trustworthy and Team Focused

Empowered

Results
Oriented







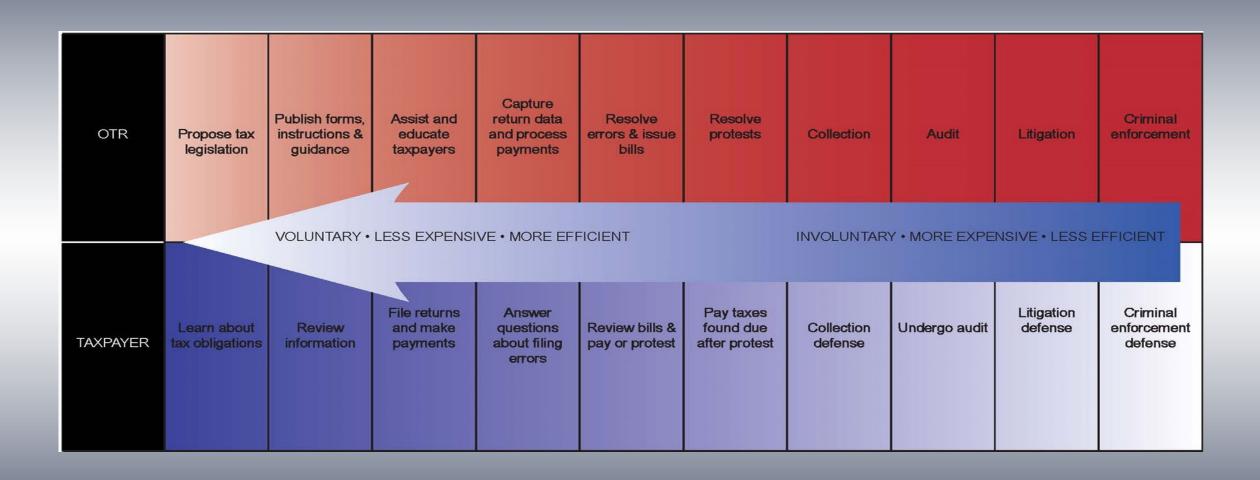








Tax Compliance Continuum



Our Leadership

Marc Aronin

Branch Chief

Angela Coleman
Bankruptcy

Tashara Davis
Outsource

Jennifer Loster
Enforcement

Radee Skipworth/
Melinda Jenkins
Office of the Director

Shavonne McKnight

Branch Chief

Sharee Cain Walk-In Center

James Carter
Call Center/TDI

Amy Fields Clean Hands

Christopher Pressley
Non-Filer

Renee Teel
Branch Chief

Thomasena Gadson Field/Street Vendors

Janine Morley Canvassing/High Dollar/Value

Enforcement Division Key Areas

Bankruptcy

Inactive Collection

DC Vendor Offset

Bulk Sale

Individual and Business Installment Agreements

Trust Fund Assessments

Employee Collection

Offers in Compromise

Employee Garnishment

Nursing Home Providers/Stevie Sellows

Liens

Outsource (2) Outside Collection Agencies

Bankruptcy

- The District of Columbia maintains a super priority claim over all creditors (even the IRS) for Sales and Use taxes regardless of when the creditor has filed a claim.
- Proof of Claims (POC) are filed as soon as notified of the bankruptcy
- The Collection Division will file liens to protect the District's interest, so that a secured POC can be filed.
- Collection works very closely with the Office of the Attorney General (OAG) on bankruptcy cases, and many times are called to testify and attend bankruptcy hearings to ensure OTR's position is clearly understood by the trustee and the judge
- Primary filings are Chapter 7, 11 and 13

Bulk Sale

Purchaser of an existing business must notify OTR of the sale and its terms within 15 days of sale.

4

Failure to notify OTR can result in the purchaser inheriting the seller's debt even if the debt is undisclosed to the seller.

2

Send a notification of sale via certified mail to: Office of Tax and Revenue, PO Box 37559, Washington, DC 20013, Attention: Special Investigations Unit.

5

Purchaser cannot operate with the previous owners Federal Employer Identification Number. Purchaser must file FR-500 – Combined Business Tax Registration Application to identify all tax obligations

3

The notification can also be emailed directly to the Collection and Enforcement Administration at otr.bulksale@dc.gov.

6

Seller's returns and taxes must be filed and paid timely to be in full compliance.

Liens

A lien is a claim on a person for unpaid taxes including any interest, addition to tax, or assessable penalty, together with any costs that may accrue, and "shall be a lien in favor of the (the jurisdiction) "upon all property (including any rights to property) and shall have the same effect as a lien created by judgment."

The lien "shall attach to all property (including rights to property) belonging to, or acquired by, the person at any time during the period of the lien."

A statutory lien arises upon assessment, notice and demand for payment, and neglect or refusal by taxpayer to pay. A lien may be filed in the appropriate state or local office.

A lien relates back to the date of assessment.

MITS Auto Lien Processing based on certain criteria (ex: dollar threshold >10K)

Wage Garnishments

- OTR is authorized to withhold 25% of an employee's biweekly/bimonthly wages until the liability is paid in full.
- The Employee Garnishment Program is designed to process wage garnishments against District of Columbia employees who have not satisfied their tax obligation with the Office of Tax and Revenue (OTR).
- We notify Payroll and Retirement of employees that have failed to respond to the pre-garnishment notice within 7 business days.
- Payroll and Retirement notify the Garnishment Unit if the employee is deceased, retired, or separated from DC Government.

Outsource

- OTR currently partners with two collection agency vendors to collect various tax types including, Individual, Fiduciary, Corporate & Unincorporated Franchise, Sales and Use, Withholdings and others.
- The first vendor accounts are assigned to RSI Enterprises. Accounts over 90 days old will be assigned to this company for collection. Accounts will remain with this vendor for 180 days.
- The second vendor accounts are assigned to Pioneer Credit Recovery. Accounts over 90 days and have been assigned to the first vendor with limited or no success in collection after 180 days, will go to this vendor for 300 days.
 - Both vendors are subject to OTR oversight and adhere to policies and procedures.
 - The Outsource Unit communicates with vendors daily and handles correspondence and taxpayer disputes.

Field Division Key Areas

Audit Partnership

Individual and Business Installment Agreements

Sales Tax Certificate and Revocation

Cigarette Violations

Offers in Compromise

Special Events

Field Visitations and Canvassing

Outreach and Education

Street Vendors

Liens

Possessory Interest

Trust Fund Assessments

Exporting Judgments

- There are scenarios when delinquent taxpayers have assets—like, bank accounts, personal property, and real estate—outside the District of Columbia that can be used to satisfy their tax debt (e.g., in Virginia, Maryland, Florida, etc.).
- In order for the District to reach those foreign assets, the District must first obtain a judgment from the local court—D.C. Superior Court. This entails the Office of the Attorney General (OAG) filing a lawsuit against the delinquent taxpayer under the applicable tax statutes.
- Once D.C. Superior Court issues a judgment in favor of the District on the tax debt, OAG obtains a "triple-sealed" copy of the judgment from the Clerk's office and can then take that to another State and go through that State's court system to collect on the debt.

Offers in Compromise

- Offer-In-Compromise (OIC) is completed via OTR-10 booklet and related form.
- Viable means of debt resolution if its in the best interest of the District and the taxpayer to consider an OIC
- Current and future earnings potential are analyzed, along with completed PA-1 and/or PA-2 and related documentation
- Prior compliance history, tax type, and other factors are important in determining feasibility
- OIC's are not payment agreements and generally require a substantial down payment and minimal time to meet the terms of the OIC
- Must remain in compliance for five-years after acceptance or everything defaults and reverts back to pre-OIC consideration
 - Doubt as to Collectability worked by Revenue Officers
 - Doubt as to Liability worked by Auditors

Possessory Interest

District of Columbia Official Code § 47-1005.01 established the assessment and taxation of possessory interest.

When government (non-taxable entity) grant the use of its real estate either for private occupation or control, to another person or entity that use the real estate in a manner the result in profit for such person or entity, taxable possessory interest is created.

Possessory Interest is assessed against the lessee of property owned by the Federal or District government

Possessory Interest cases originate from the Office of Tax and Revenue – Real Property Tax Administration and are assigned to the Collection and Enforcement Administration to collect. Possessory Interest cases are subject to the same enforced collection activity as other tax types, i.e. lien, levy, seizure, payment agreement, etc.

These cases are subject to the filing of a District Tax Lien. The lien is filed and recorded against the lessee of the government owned property, and not against the Federal or District government.

Revocation of Sales Tax Certificate

- Revocation of Sales and Use Tax
 Certificate in lieu of full-scale seizure.
 - Prohibits taxpayer from continuing sales in the District of Columbia until tax issues are resolved.

Street Vendors

- Street Vendor tax is imposed on any business that holds a vending license with DCLP.
- The minimum tax is \$375 each quarter.
- Taxpayers must file each return and pay the minimum tax even if there were no sales during the quarter.
- Returns are only available in MyTax dating back three years.

Street Vendor Amnesty Abatement

- October 1, 2023, DLCP launched the Street Vending Amnesty Program (the "Amnesty Program") pursuant to D.C. Act 25-94. This program will run until October 1, 2028.
- The liabilities owed between January 1, 2010, and September 30, 2023, are eligible for amnesty. No period outside of these dates will qualify.
- The Street Vendor Amnesty program is administered by the Department of Consumer Licensing and Consumer Protection (DLCP). You can find more information about the application process and eligibility criteria at DLCP@dc.gov.
- Before submitting your application for Street Vendor Amnesty, please be sure that:
 - •You have properly registered by submitting a complete Form FR-500. A tutorial on how to complete this form is available on Mytax.dc.gov.
 - •You have electronically filed a Street Vendor sales tax return for all periods that you held a Street Vendor license.
 - •That you have updated your contact information on Mytax.dc.gov.
 - •You have obtained a Statement of Account from OTR that list all outstanding Street Vendor debt.
 - •To receive full benefit of the amnesty, you are encouraged to electronically file all missing Street Vendor tax returns.

Trust Fund Assessments

- The Collection and Enforcement Administration reviews and submits requests for assessments when a business fails to file returns or pay liabilities for Sales and Use and Withholding taxes.
- The Trust Fund Recovery process is initiated by a Revenue Officer at the beginning of the collection process.
- An Officer Assessment is created to collect the liability from the owner(s)/officer(s) responsible for the business. This information can be found on the Articles of Incorporation filed with Department of Consumer and Regulatory Affairs (DCRA).

Special Events

- Promoter registers for the Special Event using the MyTax.dc.gov web portal and provides preliminary list of vendors.
- Within 10 days after the event, the promoter provides the final list of vendors. Penalty will occur if not provided within the 10-day timeframe.
- If the event has less than 50 vendors, the promoter does not have provide a preliminary list nor a final list.
- Vendors are liable for sales tax on items sold during the event. A FR800SE must be filed by 20th of the month following the event.

Specialty Division Key Areas

Call Center

Individual and Business Installment Agreements

Tax Delinquency Investigations

Certificate of Clean Hands

Non-Filer Program

Walk In Center

CP-2000 (IRS Unreported Income Program)

Offers in Compromise

Clean Hands

STEP 1

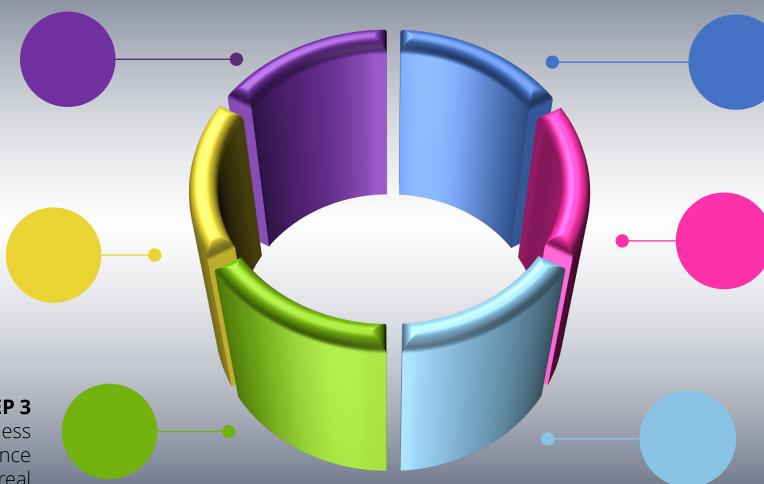
Request certificate on the MyTax.dc.gov web portal.

STEP 2

Non-residents also provide ID. Processing time may take up to 5 business days.

STEP 3

Resident/Business will receive issuance or denial in real time.



STEP 4

If compliant, the certificate appears under the Correspondence in the MyTax account.

STEP 5

If denied for noncompliance, taxpayer should contact OTR below.

STEP 6

www.mytax.dc.gov Cleanhands.cert@dc.gov 202-724-5045

For assistance with the MyTax portal, please contact E-Services on (202) 759-1946 or e-services.otr@dc.gov.



Non-Filer

Individual Non-Filer Program:

- Through "discovery" efforts Non-filer leads are generated using external data sources to identify individuals that potentially have a District of Columbia filing obligation. Once leads are generated, they are assigned to Revenue Officers.
- Notices are then generated that outline an estimated liability, which can develop into a proposed and then subsequent assessment.
- The expectation is for taxpayers that receive letters to respond to our inquiry within 30 days. Please provide proof of residency, driver license and/or out-of-state resident tax return.
- If an assessment has been made, we will reverse it once its established that the taxpayer is not liable for a District return
- The District has numerous taxpayers that are either working for Congress or in the military and file in a different jurisdiction, therefore, not liable for a District return.

Installment Agreements

- The taxpayer may create an online payment plan if the liability is \$100,000 or less.
- The maximum payment plan length is 4 years.
- A down payment equivalent to one monthly payment is required.
- Taxpayers cannot create online payment plans if any of the following are true:
 - Liability cannot already be in an active payment plan;
 - Taxpayers cannot have non-filed periods
 - Have not exceeded the two online payment plan cancellation for the same debt;
 - Liability cannot be outsourced to a Collection Agency;
 - o Cannot be an active bankruptcy, garnishment, settlement, or offer in compromise;
 - Account cannot have a linked liability, (i.e., Officer Assessment);
 - o Bills must be in the Assessed Stage to create a payment plan.
- o The following will default a taxpayer payment agreement
 - A new liability will cause the payment agreement to default
 - A non- filed return will cause a payment agreement to default.
- Additional Tips
 - Refunds can be applied and or received.
 - Divide outstanding balance (including accruing penalty, interest and fees) by number of months requested.
 - Payment agreements requested with terms beyond 48 months that are secured by Collection personnel are generally subject to review of Collection Information Statement
 - o PA-1 or PA-2) and review of the latest filed IRS tax return, bank statements and any other documentation necessary to
 - o verify ability to pay.



Contact Information

General Inquiries

Compliance@ dc.gov

OTR Collection Call Center (202) 724-5045

Street Vendor Amnesty

DCStreetVendor TaxAmnesty@dc.

gov

Radee.Skipworth@dc.gov, Director

Melinda.Jenkins@dc.gov, Deputy Director

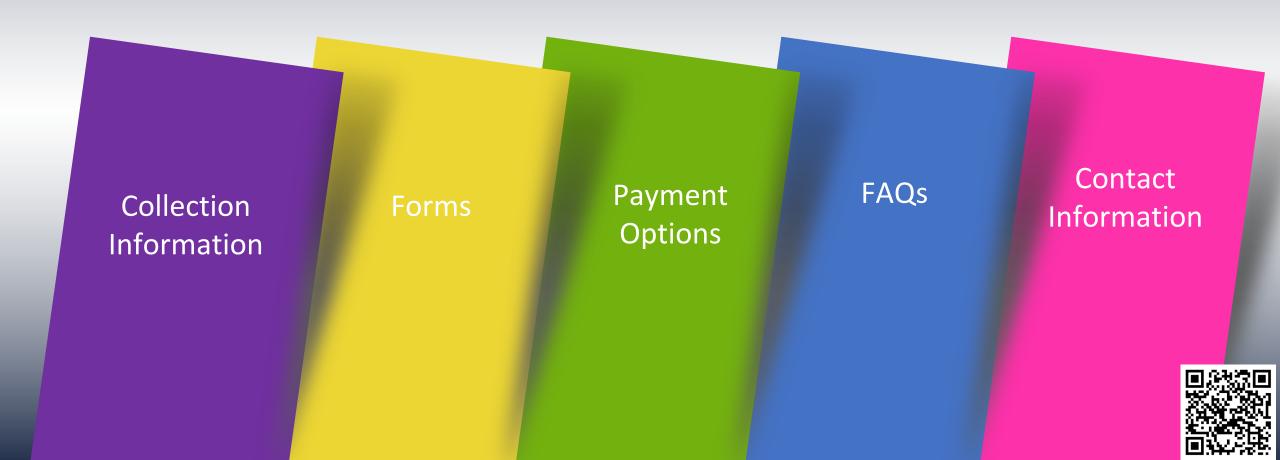
Marc.Aronin@dc.gov, Branch Chief, Enforcement Division

Shavonne.Mcknight@dc.gov, Branch Chief, Specialty Division

Renee.Teel@dc.gov, Branch Chief, Field Division

Web Page

Scan the QR Code or visit our web page at www.otr.cfo.dc.gov/page/collection-division to learn more about:





The More You Know

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

Office of Tax and Revenue

John Fowler

CHIEF CRIMINAL INVESTIGATION DIVISION

January 2024



CID Mission Statement

The Office of Tax and Revenue (OTR) Criminal Investigation Division (CID) serves the District of Columbia by investigating potential criminal violations of the District tax laws and related offenses in a manner that fosters confidence in the District of Columbia tax system, promotes compliance with the District's tax laws and brings about the highest level of voluntary compliance.



CID ORGANIZATION

- CRIMINAL INVESTIGATIONS DIVISION Investigates
 potential criminal violations of the District tax laws and related
 offenses.
- <u>ADJUSTMENT UNIT</u> Performs return adjustments in Modernized Integrated Tax System (MITS). Critical component to the perfection of the tax return.
- <u>RETURN INTEGRITY UNIT</u> Reviews every individual tax return submitted to The Office of Tax and Revenue (OTR) to ensure revenue protection and fraud prevention efforts.
- These three units are critical to fostering confidence in the District of Columbia tax system, promote compliance with the District's tax laws and brings about the highest level of voluntary compliance.



GOALS

 Aggressively Protect the Revenue of the District by Denying Frivolous Claims.

 Pursue Criminal Charges Against Willful Violators, both Tax Preparer's and Taxpayers.

CI Business Results –
 Criminal Prosecutions, Sentencings, Deterrent Publicity, improvement of taxpayer experience, protection of revenue.



CRIMINAL PROVISIONS

- Attempt to Evade Tax or Defeat Tax Code of the District of Columbia § 47–4101
- Failure to Collect or Pay Tax Code of the District of Columbia § 47–4102
- Fraudulent Statements or Failure to Make Statements to Employees Tax Code of the District of Columbia § 47–4104
- Fraud and False Statements Tax Code of the District of Columbia § 47–4106
- Failure to File Return or to Pay Tax Code of the District of Columbia § 47–4213



Internal Revenue Service Dirty Dozen Warnings 2023

Internal Revenue Service (IRS) Dirty Dozen warns individuals to stay clear of shady tax preparers; IRS website offers tips on carefully choosing tax professionals (March 2023)



Tax Preparer Watch List

- People should be careful of shady tax professionals and watch for common warning signs, including charging a fee based on the size of the refund
- Some "ghost" tax preparers refuse to sign the tax return or ask people to sign a blank return but do it for a profit. These are all common warning signs, and people should always rely on a trusted tax professional, and the IRS offers a variety of resources to help



Tax Preparer Watch List

Shady Tax Preparers Red Alerts:

- Ask for a cash only payment without providing a receipt
- Invent false income to try to get their clients more tax credits
- Claim fake deductions to boost the size of the refund
- Direct refunds into their bank account, not the taxpayer's account



Tax Preparer Selection

- Make sure the preparer is available. Taxpayers may want to contact their tax preparer after this year's April 15 due date
- Provide records and receipts. Reputable tax preparers
 will ask to see a taxpayer's records and receipts. They
 will ask questions to figure things like the total income,
 tax deductions and credits. They will ask for several prior
 years tax returns
- Never sign a blank return. Taxpayers should not use a tax preparer who asks them to sign a blank tax form



Picking a Tax Preparer

- Review before signing. Before signing a tax return, the taxpayer should review it. They should ask questions if something is not clear. Taxpayers should understand their tax return information with accuracy before they sign it
- Review details about any refund. Taxpayers should confirm the routing and bank account number on their completed return if they are requesting direct deposit. If you are not receiving your tax refund directly due to an agreement with the tax preparer, they should carefully review and understand the agreement process before signing



Tax Preparer's Best Practices

Best Behavior by Tax Preparers:

- Taxpayers have a responsibility to exercise due diligence in verifying information, ensuring accuracy, and adhering to professional standards
- Tax preparers should be aware of common red flags and potential risks that may indicate noncompliance or fraudulent activities
- Accountants and Tax preparers have an ethic requirements and are encouraged to report conflicts of interest and potential fraud



Tax Preparers On Notice

Tax Preparers' Risk:

- Tax preparers who have inadequate due diligence in tax preparation can lead to noncompliance, errors, and potential penalties
- Tax preparers who engage in fraudulent or negligent activities may be subject to penalties under the Code of the District of Columbia § 47–4217.
- Tax Preparers: aiding and abetting by others can a return preparer a \$1000 penalty per frivolous return prepared



OTR Enforcement

OTR Criminal Investigation Division has made the investigation of fraudulent tax preparers a priority. The DC Code provides civil penalties for preparing false returns.

OTR encourages people to report individuals who promote improper and abusive tax schemes as well as tax return preparers who deliberately prepare improper returns.

OTR Fraud Hotline

Email: <u>taxfraudhotline@dc.gov</u>

Mail: Office of Tax and Revenue

Attn: Tax Fraud Hotline

1101 4th Street SW

Washington, DC 20024



RETURN INTEGRITY UNIT

 Established Core Group to Identify Theft, Fraudulent Tax Returns, involving Preparer and Taxpayer Schemes

 Protect the Revenue of the District by Denying Frivolous Claims

 Make Referrals to OTR Criminal Investigators to investigate alleged Violations of the DC Code



RETURN INTEGRITY UNIT

Identity and Return Verification Process

 Taxpayers selected for the identity and return verification process can now complete the verification process via the online portal at MYTAX.DC.GOV



Taxpayer's Response To RIU Verification Notice

 The process for taxpayers to respond to RIU verification notices has been enhanced. Taxpayers will be directed to respond to any verification notice by submitting a non-logon response to the verification notice via MyTax.DC.GOV

 From the MyTax homepage, the taxpayer will click on the respond to verification letter link under the Individual section



RETURN INTEGRITY UNIT



MyTax DC

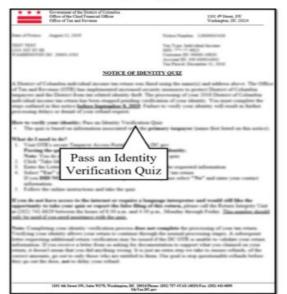
< Home

If you received a letter from the DC Office of Tax and Revenue requesting you to complete verification online, please click on the letter you received below. You may contact the eServices Team at (202) 759-1946 to receive assistance with navigating this website.

Verify Your PIN



Take an Identity Quiz



Submit Verification Documents



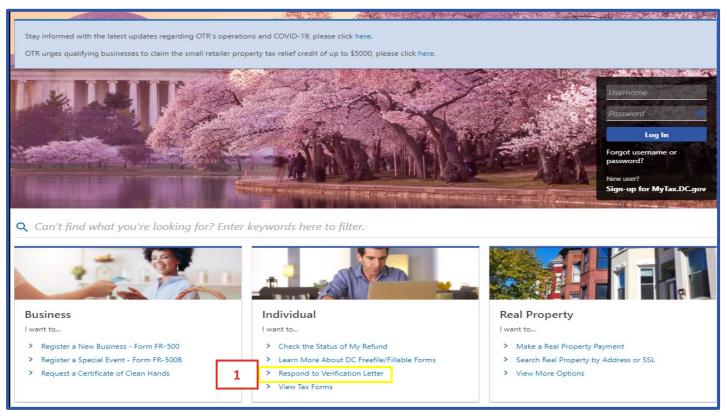


Taxpayer Response To RIU Verification Notice

- The taxpayer will then click on the corresponding link based on their notice.
- "Verify Your PIN" link PIN Verification Notice taxpayer self verification
- "Take an Identity Quiz" link Identity Verification Quiz Notice – taxpayer self verification
- "Submit Verification Documents" for all other RIU verification notices RIU verification



How To Complete "PIN Verification"



From the Home page of MyTax, under the Individual section, click "Respond to Verification Letter"

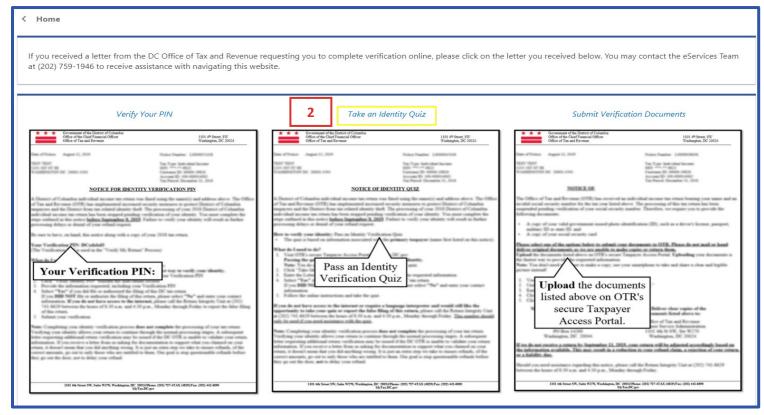


How To Complete "PIN Verification" (cont.)

- The taxpayer will click the "Verify Your Pin" link
- The taxpayer will need to fill out all required information in order to submit a PIN verification
- If the taxpayer successfully completes the PIN verification, they will receive a confirmation
- If the taxpayer receives message that they did not file the return,
 MyTax will require a phone and email from taxpayer
- If taxpayer did not file return, then RIU will contact you to discuss further



How to "Take an Identity Quiz"



The taxpayer will click the "Take an Identity Quiz" link in the middle of the screen.

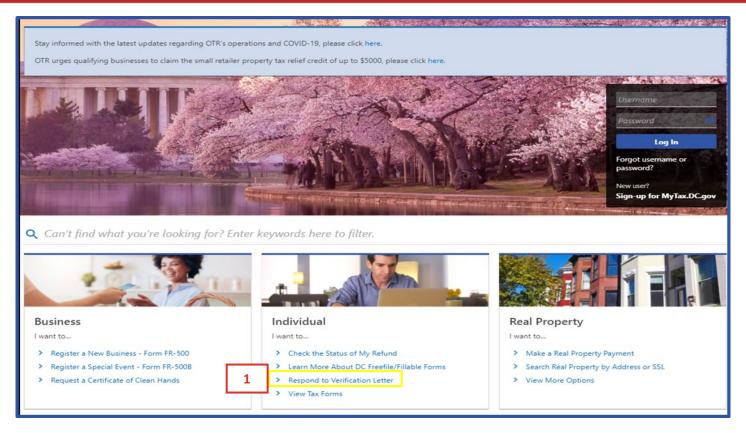


How to "Take an Identity Quiz" (cont.)

- At this point Taxpayer must verify they filed tax return and refund amount
- This is when the Taxpayer can begin the "Quiz" for ID verification
- If taxpayer does not pass the "Quiz" then they will need to submit ID documentation



How to "Submit Verification OFFICE OF TAX AND REVENUE DOCUMENTS"



From the Home page of MyTax click "Respond to Verification Letter"



How to "Submit Verification Documents" (cont.)

- The taxpayer will enter the notice number, verify that they filed the return, input phone number and email before proceeding
- At this point the taxpayer can attach the requested documentation based on the type of notice they received
- A confirmation will appear validating that the taxpayer has successfully uploaded their required documents



RIU Web Messages

- Within MYTAX.DC.GOV online portal the taxpayer can access "Web Messages" to submit a RIU question.
- Web Messages will be answered within 48 hours of the submission.
- However, no documentation will be accepted within the Web Messages, just questions are answered.
- To submit Web Message, you must select Notice Type "RIU Questions"



RIU Online Portal Process

• Within MYTAX.DC.GOV online portal the taxpayer can submit documentation as previously mentioned.

RIU responses will take up to 6 to 8 weeks.



Earned Income Tax Credit / Individual Taxpayer Identification Numbers

- Tax Tear 2023 DC EITC is 70% of the Federal EITC
- ITINS is now allowed in DC but not allowed on Federal Tax Return
- Taxpayer must have a valid ITINS at time of filing
- If Taxpayer does not have ITINS, then Taxpayer has three years to obtain an ITINS and file DC Tax Return (3-year time limit)



RIU Contact Information

Telephone: 202-741-8629

Mail: Office of Tax and Revenue

Attn: Refund Integrity Unit

1101 4th Street SW

Washington, DC 20024



Areas of Concern

- Tax-related Identity Theft is the fastest growing area of fraud
- Fraudulent W-2s
- Earned Income Tax Credit (EITC) Abuse
 - 1. Qualifying Children
 - 2. Schedule C income (loss)
- Domicile issues Non-DC Residents claiming DC refundable credits
- Schedule H Homeowner and Rental Property Tax Credit



Tax Fraud Hotline

Fraud Hotline

Email: <u>taxfraudhotline@dc.gov</u>

Mail: Office of Tax and Revenue

Attn: Tax Fraud Hotline

1101 4th Street SW, Suite 7656

Washington, DC 20024



Q & A





Office of The Taxpayer Advocate

Paul Smith Taxpayer Advocate



Mission of Office of Taxpayer Advocate

The Mission of the Office of the Taxpayer Advocate is to ensure that all taxpayers are treated in a **fair and equitable manner**, consistent with their **taxpayer rights** and with **DC tax law and policy**.



Mission of Office of Taxpayer **Advocate**

Taxpayer Bill of Rights

The right to be informed

Know what to do to comply with DC tax laws. Have information concerning tax accounts clearly communicated.

- Receive clear explanations concerning any proposed or actual tax liability.
- Be provided with all options that are available to resolve any tax liability

- The right to quality service
 Receive respectful, prompt, and courteous assistance.
- Be provided with explanations that are understandable.
- Speak with a supervisor if they feel the service they received was inadequate.

The right to pay no more than the correct amount of tax

· Pay no more than the amount of tax legally due which may include interest and penalties that are allowed under DC law.

The right to challenge the District's position and be heard

- Raise objections and be provided with additional information regarding proposed liabilities or proposed actions by OTR.
- Have timely objections considered in a fair and consistent manner.
- Be provided with a response if the District does not agree with the taxpayer's position.

The right to have their dispute independently reviewed Have an independent determination of their disputes.

- Receive a written response concerning the disposition of their disputes consistent with District tax laws.



Mission of Office of Taxpayer Advocate

Taxpayer Bill of Rights

The right to finality

Know the amount of time to challenge a tax liability or proposed tax liability.

Know the amount of time the District has to audit, assess, or collect a tax liability.

- Have a potential audit completed and the results of a potential audit communicated in a timely manner.
- Have a collection remedy implemented that allows for a tax liability to be resolved in a timely manner.

The right to privacy

 Expect that any District tax inquiry, examination, or enforcement action will comply with District tax laws and be no more intrusive than necessary.

The right to confidentiality

• Expect that any information they provide to the District about their tax account will not be disclosed unless authorized by the taxpayer or required by law.

· The right to representation

Have the right use an authorized representative.

The right to a fair and just tax system

Expect that the District's tax system will apply laws fairly, equitably and consistently.

Receive assistance from the District of Columbia Taxpayer Advocate Unit if they are facing hardship or
if the District has not resolved their tax issues properly or timely through the normal channels.



The Office of the Taxpayer Advocate Staff

Staff

- Paul Smith: Taxpayer Advocate/Program Manager
- 4 Taxpayer Advocate Specialists (Faye Howard, Alfred Barnes, Arven Knight, and Stephen O'Neill)
- 1 Operations Analyst (Andrea Holley)
- 1 Program Analyst (Jacqueline Mason)



3-Pronged Approach

Individual advocacy

- The taxpayer has tried to resolve a problem through the normal channels but has been unable to get a resolution
- There is undue delay or unresponsiveness
- There is a unique situation that requires individualized review
- The taxpayer is experiencing imminent hardship
- There is no other opportunity for review
- There is a violation of taxpayer rights

Outreach and education

• Public outreach, blog posts, webinars, written materials, etc.

Systemic advocacy

• Forms, processes, system updates, etc.



When OTA Cannot Help

- The taxpayer has an active bankruptcy or a case pending before another tribunal. The taxpayer must wait until those proceedings are concluded before requesting OTA assistance
- The taxpayer has not made an attempt to work through "normal" channels before requesting assistance from OTA



Types of Cases

- Hardship requests ("CNC")
- Reconciliations
- Audit reconsiderations
- Offer in Compromise appeals
- Penalty waiver reconsideration requests
- Complaints
- Non-filer disputes
- Refund denials
- Identity verification issues
- Undue delay
- Settlements

- Adjustment requests
- Credit allocations
- Out of statute refunds
- Write-off requests
- Requests for information
- FOIA
- Tax Checks
- Unique situations that require individual review
- Real property disputes
- VIP issues
- Liens, Levies, Garnishments



How Taxpayers Connect with OTA

- 1. taxpayeradvocate.dc.gov and submit Form DC-911
- 2. Email taxpayeradvocate@dc.gov
- 3. Call 202-442-6348
- 4. Referrals from within the agency and outside organizations