



TAXATION IN DISTRICT OF COLUMBIA

Business Income Tax

All corporations, partnerships, limited liability companies (LLCs), and other entities conducting business in D.C. are generally required to file a D.C. business income tax return. The tax rate for corporations is 8.25%. Corporations must pay a minimum tax as follows: (a) USD 250 minimum tax, if DC gross receipts are USD 1 million or less (b) USD 1000, if DC gross receipts are more than USD 1 million.

Entity type	Form
Corporations	D-20, Corporation Franchise Tax Return
Partnerships & LLCs	D-30, Unincorporated Business Franchise Tax Return

01

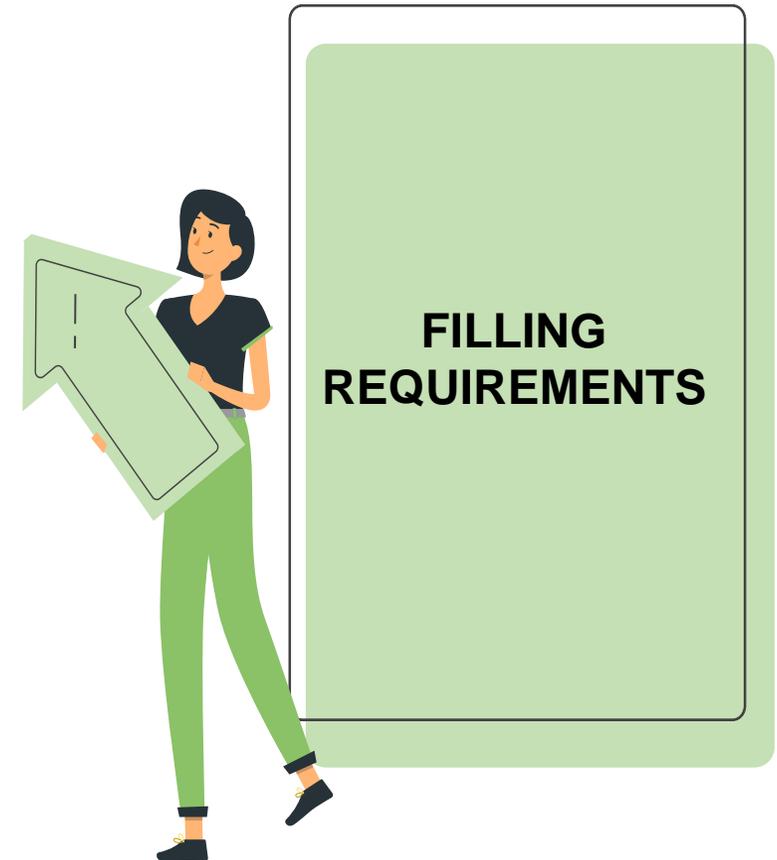
A corporation must file a declaration of estimated franchise tax if it has a tax liability of **USD 1000** for the taxable year. **Form D-20ES** is required to calculate estimated tax payments.

02

The due date for filing D.C. business income tax returns is typically the 15th day of the fourth month after the end of tax year.

03

D.C. generally grants the business a **six-month** extension to file business income tax returns using Form FR-120.



Pass through Entity Tax (1/2)

S corporations, partnerships including LLPs and LLCs classified as partnerships in D.C. generally do not pay entity-level income taxes. Instead, the income or losses "pass through" to the individual shareholders, partners, or members. These individuals are responsible for reporting their share of the income or losses on their D.C. individual income tax returns. If their taxable income is:

Income	Rate
Not over USD 10,000	4% of the taxable income
Over USD 10,000 but not over USD 40,000	USD 400, plus 6% of the excess over USD 10,000
Over USD 40,000 but not over USD 60,000	USD 2,200, plus 6.5% of the excess over USD 40,000
Over USD 60,000 but not over USD 250,000	USD 3,500, plus 8.5% of the excess over USD 60,000
Over USD 250,000 but not over USD 500,000	USD 19,650, plus 9.25% of the excess above USD 250,000
Over USD 500,000 but not over USD 1,000,000	USD 42,775, plus 9.75% of the excess Above USD 500,000
Over USD 1,000,000	USD 91,525 plus 10.75% of the excess Above USD 1,000,000



Pass through Entity Tax (2/2)



The due date for filing D.C. individual income tax return is typically the 18th day of the fourth month after the tax year closes. If the due date falls on a Saturday, Sunday or a legal holiday, the return can be filed on the next business day.

S corporation shareholders and Partners or members report their share of income or losses on their D.C. individual income tax return, typically using **Form D-40**.

D.C. generally grants S corporation shareholders and Partners or members a **six-month** extension to file individual income tax returns using Form FR-127.

A shareholder/partner must file a declaration of estimated tax if it expects its DC tax liability to exceed USD 100 for the taxable year.

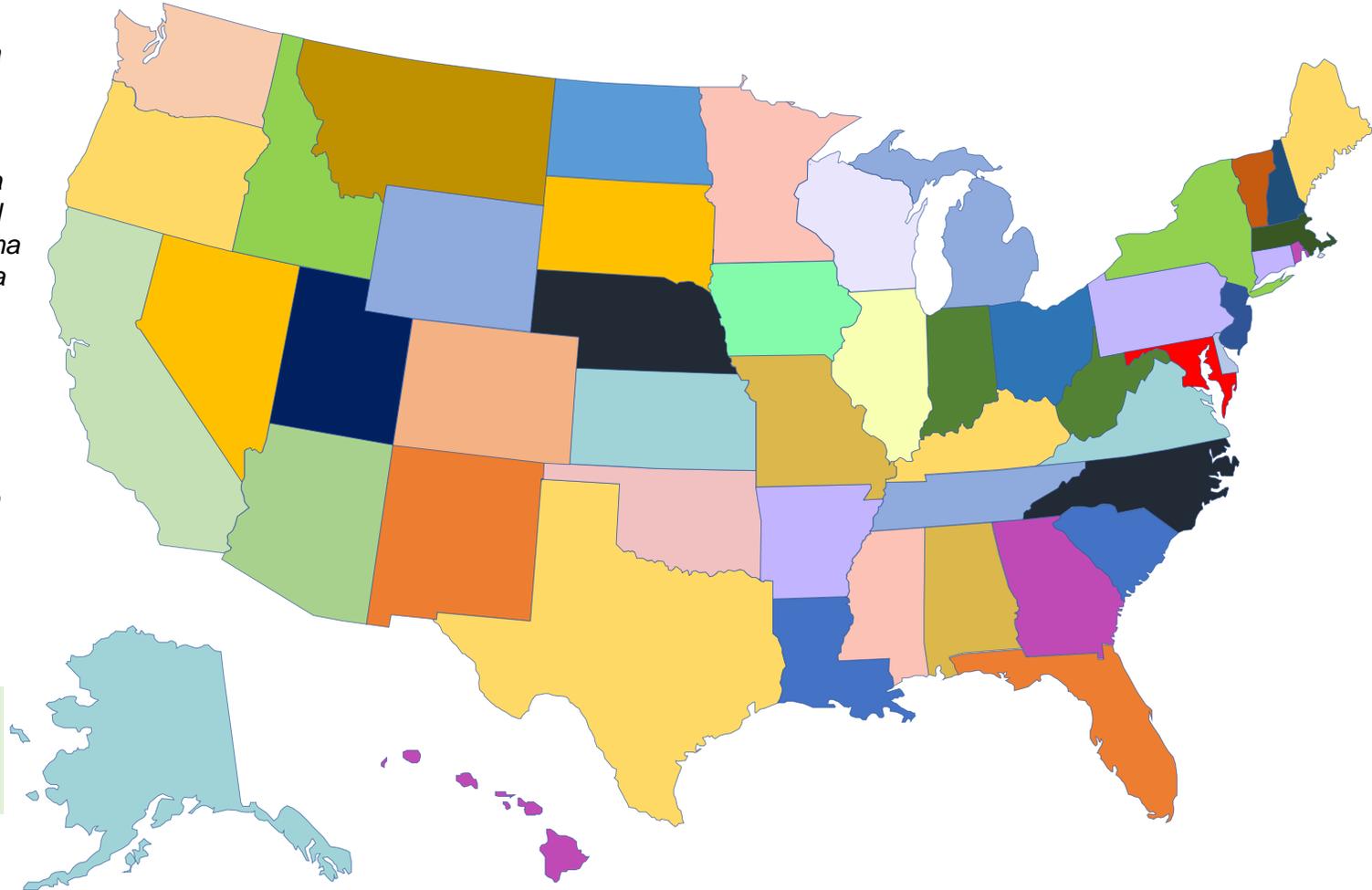
A penalty of **5%** per month if you fail to file a return or pay any tax due on time. It is computed on the unpaid tax for each month or fraction of a month, that the return is not filed, or the tax is not paid. It may not exceed an additional amount equal to 25% of the tax due and Interest of **10%** per annum, compounded daily, on a late payment.

Note – Interest and penalty is same for business income and pass through entity tax.

Upcoming Series

Please find below the list of completed alerts from the series. In case you have missed the previous alerts, click on the hyperlink for the completed alerts to refer the same.

- | | | |
|--------------------------------|--------------------|--------------------|
| 1. Delaware | 18. Kansas | 35. North Dakota |
| 2. New Jersey | 19. Kentucky | 36. Ohio |
| 3. California | 20. Louisiana | 37. Oklahoma |
| 4. Alabama | 21. Maine | 38. Oregon |
| 5. Alaska | 22. Maryland | 39. Pennsylvania |
| 6. Arizona | 23. Massachusetts | 40. Rhode Island |
| 7. Arkansas | 24. Michigan | 41. South Carolina |
| 8. Colorado | 25. Minnesota | 42. South Dakota |
| 9. Connecticut | 26. Mississippi | 43. Tennessee |
| 10. Columbia | 27. Missouri | 44. Texas |
| 11. Florida | 28. Montana | 45. Utah |
| 12. Georgia | 29. Nebraska | 46. Vermont |
| 13. Hawaii | 30. Nevada | 47. Virginia |
| 14. Idaho | 31. New Hampshire | 48. Washington |
| 15. Illinois | 32. New Mexico | 49. West Virginia |
| 16. Indiana | 33. New York | 50. Wisconsin |
| 17. Iowa | 34. North Carolina | 51. Wyoming |



In case you have downloaded the alert via LinkedIn, the links might not work, refer our website for the same - <https://www.m2kadvisors.com/>

THANK YOU

USA

M2K Advisors Inc

16192 Costal Highway,
Lewes, County of Sussex,
Delaware - 19958

Hyderabad - India

M2K Advisors LLP

Manjeera Trinity Corporate
JNTU Road, Plot No S2 ,
Telangana- 500072
Hyderabad

Singapore

M2K Advisors Pte Ltd

The Octagon,
105 Cecil Street, #13-02
Singapore 069534

Chennai - India

M2K Advisors LLP

7th Floor, Briley One,
No. 30/ 64 Ethiraj Salai,
Egmore, Chennai – 600 008,
Tamil Nadu, India

UAE - Dubai

M2K Advisors

701 C Aspin Commercial
Tower, Sheikh Zayed Road,
Trade Center First, Dubai
PO Box - 50810

For any queries, reach us at:

support@m2kadvisors.com



This deck is intended for general guidance only and hence should not be considered as an advice or opinion. We do not accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this deck. On any specific matter, reference should be made to the appropriate advisor.