§ 47–1801.04. General definitions.

NOTE: This section includes amendments by temporary legislation that will expire on September 25, 2026. To view the text of this section after the expiration of all emergency and temporary legislation affecting this section, click this link: Permanent Version.

For the purposes of this chapter, unless otherwise required by the context, the term:

(1) “Affiliated group” means an affiliated group as defined in section 1504 of the Internal Revenue Code of 1986; provided, that the affiliated group shall not include any corporation that does not have gross income derived from sources within the District.

(2) “Aggregated effective tax rate” means the sum of the effective rates of tax imposed by the District of Columbia, states, or possessions of the United States, and foreign nations that have entered into comprehensive tax treaties with the United States government, where a related member receiving a payment of interest expense or intangible expense is subject to tax and where the measure of the tax imposed included the payment.

(3) “Apportioned net operating loss” means the net operating loss generated in the year of the loss multiplied by the District of Columbia’s apportionment formula for the loss year.

(3A)(A) "Basic standard deduction" means:

(i) For the taxable year ending December 31, 2025:

(I) In the case of a return filed by a single individual or married individual filing a separate return, $15,000;

(II) In the case of a return filed by a head of household, $22,500; and

(III) In the case of a return filed by married individuals filing a joint return, separate on a combined return, or a surviving spouse, $30,000; and

(ii) For taxable years beginning after December 31, 2025:

(I) In the case of a return filed by a single individual or married individual filing a separate return, $15,000, increased annually pursuant to the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded down to the next multiple of $50);

(II) In the case of a return filed by a head of household, $22,500, increased annually pursuant to the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded down to the next multiple of $50); and

(III) In the case of a return filed by married individuals filing a joint return, separate on a combined return, or a surviving spouse, $30,000 increased annually pursuant to the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded down to the next multiple of $50).

(B) For purposes of this paragraph, the term "cost-of-living adjustment" shall have the same meaning as set forth in paragraph (11) of this section; except, that the term "base year" shall mean the calendar year beginning January 1, 2025, or the calendar year beginning one calendar year before the calendar year in which the new dollar amount of the basic standard deduction shall become effective, whichever is later.

(4) “Blind” means a taxpayer whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(5) “Business income” means all income that is apportionable under the Constitution of the United States.

(6)(A) “Capital asset” means property defined or treated as a capital asset under the Internal Revenue Code of 1986.

(B) For the purpose of computing, for any taxable year, the tax imposed under this chapter with respect to sales or other dispositions of property referred to in subparagraph (A) of this paragraph, the provisions of the Internal Revenue Code of 1986 relating to the treatment of gains and losses (other than the alternative tax imposed by section 1201 of the Internal Revenue Code of 1986) shall apply.

(7) “Combined group” means the group of all persons whose income and apportionment factors are required to be taken into account pursuant to § 47-1805.02a(a) and (b) and the pertinent regulations in determining the taxpayer’s share of the net business income or loss apportionable to the District.

(8) “Commercial domicile” means the principal place from which the trade or business of the taxpayer is directed or managed.

(9) “Compensation” means wages, salaries, commissions, and any other form of remuneration paid to an employee for personal services.

(10) “Corporation” means:

(A) Any corporation as defined by the laws of the District or organization of any kind treated as a corporation for tax purposes under the laws of the District, wherever located, which, were it doing business in the District, would be subject to the tax imposed by this chapter;

(B) A joint-stock company, trust, association and S corporation as defined in section 1361(a) of the Internal Revenue Code of 1986, or other organization that is taxable as a corporation under federal income tax law.

(11)(A) “Cost-of-living adjustment” means an amount, for any calendar year, equal to the dollar amount set forth in paragraph (44)(A), (B), and (C) of this section multiplied by the difference between the Consumer Price Index for the preceding calendar year and the Consumer Price Index for the base year, divided by the Consumer Price Index for the base year.

(B) For the purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for the Washington-Baltimore Metropolitan Statistical Area for all-urban consumers published by the Department of Labor, or any successor index, as of the close of the 12-month period ending on July 31 of such calendar year.

(C) For the purposes of this paragraph, the term "base year" shall mean the calendar year beginning January 1, 2011, or the calendar year beginning one calendar year before the calendar year in which the new dollar amount of a deduction or exemption shall become effective, whichever is later.

(12) “Deficiency” with respect to any tax imposed by this chapter means:

(A) The amount or amounts by which the tax imposed by this chapter, as determined by the Chief Financial Officer, exceeds the amount shown as the tax by the taxpayer upon his return; or

(B) The amount assessed as a tax by the Chief Financial Officer if no return is filed by the taxpayer.

(13) “Dependent” means a dependent as defined in section 152 of the Internal Revenue Code of 1986.

(14) “Dividend” means any distribution made by a corporation or financial institution (domestic or foreign) to its stockholders or members, out of its earnings, profits, or surplus, other than paid-in surplus, whenever earned by the corporation or financial institution and whether made in cash or in any other property (other than stock of the same class in the corporation or financial institution, if the recipient of the stock dividend has neither received nor exercised an option to receive the dividend in cash or in property other than stock instead of stock) and whether distributed before, during, upon, or after liquidation or dissolution of the corporation or financial institution; except, that in the case of any such distribution, any part of which for purposes of the income tax imposed under the Internal Revenue Code of 1986 is deemed to constitute a capital gain, such part shall be deemed to constitute a capital gain for purposes of the tax imposed by this chapter; provided, that in the case of any dividend that is distributed other than in cash or stock in the same

class in the corporation or financial institution and not exempted from tax under this chapter, the basis of tax to the recipient shall be the market value of the property at the time of the distribution; provided further, that a dividend shall not include any dividend paid by a mutual life insurance company to its shareholders.

(15) “Doing business” means any activity of a partnership, corporation, or financial institution that enjoys the benefits and protection of the government and laws of the District.

(16) “Domestic partners” means persons who have registered their relationship with the District pursuant to § 32-702.

(17) “Employee” means an individual having a place of abode or residing or domiciled within the District at the time the tax is required to be withheld in respect to the individual’s employment by another, and to every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether domiciled in the District or not, including an officer of a corporation, but excluding any elective officer of the government of the United States or any officer or employee in the legislative branch of the government of the United States whose compensation is paid by the Secretary of the Senate or Clerk of the House of Representatives, any officer of the executive branch of the government of the United States whose appointment was made by the President of the United States, subject

to confirmation by the Senate of the United States, and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless the officer, employee, or justice is domiciled within the District of Columbia at any time during the taxable year.

(18) “Employer” means an employer as defined in section 3401(d) of the Internal Revenue Code of 1986.

(19) “Fiduciary” means a guardian, trustee, executor, committee, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any person.

(20) “Financial institution” means any bank or trust company incorporated or required to be incorporated and doing business under the laws of the United States, the District of Columbia, or any state, a substantial part of the business of which consists of receiving deposits and making loans and discounts or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency and which is subject by law to supervision and examination by the District or by any state, territorial, or federal authority having supervision over the financial institution, including:

(A) Any savings and loan associations; and

(B) Any company, a substantial part of the business of which consists of receiving deposits and making loans and discounts or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, which is organized or created under the laws of a foreign country and which maintains an office or branch in the District.

(21) “Fiscal year” means an accounting period of 12 months ending on any day other than the last day of December and on the basis of which the taxpayer is required to report for federal income tax purposes.

(22) “Head of household” shall have the same meaning as defined in section 2(b) of the Internal Revenue Code of 1986.

(23) “Individual” means all natural persons (other than fiduciaries), whether married, domestic partners, or unmarried.

(24) “Intangible expense” means:

(A) An expense, loss, or cost for, related to, or in connection directly or indirectly with the direct or indirect acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property, to the extent the expense, loss, or cost is allowed as a deduction or cost in determining taxable income for the taxable year under the Internal Revenue Code of 1986;

(B) A loss related to or incurred in connection directly or indirectly with factoring transactions or discounting transactions;

(C) A royalty, patent, technical, or copyright and licensing fee; or

(D) Any other similar expense or cost.

(25) “Intangible property” means patents, patent applications, trade names, trademarks, service marks, copyrights, and similar types of intangible assets.

(26) “Interest expense” means an amount directly or indirectly allowed as a deduction under section 163 of the Internal Revenue Code of 1986 for purposes of determining taxable income under the Internal Revenue Code of 1986.

(27) “Internal Revenue Code of 1954” means the Internal Revenue Code of 1954, approved April 6, 1954 (68A Stat. 3; 26 U.S.C. § 1 et seq.), as amended through May 24, 1985.

(28) “Internal Revenue Code of 1986” means the Internal Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 1 et seq.); which provisions shall

apply on the same dates that they are effective for federal tax purposes.

(29) "International banking facility" or "IBF" shall have the same meaning as provided in section 204.8(a)(1) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(1)).

(30) "International banking facility extension of credit" or "IBF loan" shall have the same meaning as provided in section 204.8(a)(3) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(3)).

(31) "International banking facility time deposit" or "IBF time deposit" shall have the same meaning as provided in section 204.8(a)(2) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(2)).

(31A) Not Funded.

(32) "Net operating loss" shall have the same meaning as provided in section 172(c) of the Internal Revenue Code of 1986, subject to limitations and modifications provided in this section.

(33) “Net operating loss deduction” means the aggregate of the apportioned net operating loss carryovers to the taxable year.

(34) “Nonbusiness income” means all income other than business income.

(35) “Nonresident” means every individual other than a resident.

(36) “Ownership” in determining the ownership of stock, assets, or net profits of any person, means the constructive ownership of section 318(a) of the Internal Revenue Code of 1986 as modified by section 856(d)(5) of the Internal Revenue Code of 1986.

(37) “Partnership” means a general or limited partnership or organization of any kind that is treated as a partnership for tax purposes under the laws of the District of Columbia.

(38) “Payroll period” means a payroll period as defined in section 3401(b) of the Internal Revenue Code of 1986.

(39) “Person” means any individual, firm, partnership, general partner of a partnership, limited liability company, registered limited liability partnership, foreign limited liability partnership, association, corporation (whether or not the corporation is, or would be if doing business in the District, subject to this chapter), unincorporated business,

company, syndicate, estate, trust, business trust, trustee, trustee in bankruptcy, receiver, executor, administrator, assignee, fiduciary, or organization of any kind. For purposes of combined reporting, The term “person” shall not include a Qualified High Technology Company as defined in § 47-1817.01(5)(A).

(39A) "Qualified opportunity fund" shall have the same meaning as set forth in section 1400Z-2 of the Internal Revenue Code of 1986, approved December 22, 2017 (131 Stat. 2184; 26 U.S.C. § 1400Z-2) ("section 1400Z-2").

(39B) "Qualified opportunity zone" shall have the same meaning as set forth in section 1400Z-2.

(39C) "Qualified opportunity zone business" shall have the same meaning as set forth in section 1400Z-2.

(39D) "Qualified opportunity zone business property" shall have the same meaning as set forth in section 1400Z-2.

(40) “Related entity” means a person that under the attribution rules of section 318 of the Internal Revenue Code of 1986 is:

(A) A stockholder who is an individual, or a member of the stockholder’s family as enumerated in section 318 of the Internal Revenue Code of 1986, if the stockholder and the members of the stockholder’s family own, directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock;

(B) A stockholder, or a stockholder's partnership, limited liability company, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, limited liability companies, estates, trusts, and corporations own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock; or

(C) A corporation, or a party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of section 318 of the Internal Revenue Code of 1986 ("party related to the corporation"), if the corporation or party related to the corporation owns, directly, indirectly, beneficially, or constructively, at least 50% of the value of the corporation's outstanding stock.

(41) "Related member" means:

(A) A person that, with respect to the taxpayer is, at any time during the year, a related entity;

(B) A component member as defined in section 1563(b) of the Internal Revenue Code of 1986;

(C) A controlled group of which the taxpayer is also a component; or

(D) A person to or from whom there is attribution of stock ownership in accordance with section 1563(e) of the Internal Revenue Code of 1986.

(42) “Resident” means an individual domiciled in the District at any time during the taxable year, and every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not the individual is domiciled in the District, excluding any elective officer of the government of the United States or any employee on the staff of an elected official in the legislative branch of the government of the United States if the employee is a bona fide resident of the state of residence of the elected officer, or any officer of the executive branch of the government whose appointment was made by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless the officer, employee, or justice is domiciled within the District at any time during the taxable year. In determining whether an individual is a resident, an individual’s absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode.

(43) “Sales” means all gross receipts of the taxpayer that are business income, as that term is defined in this section. The term “sales” does not include receipts of a taxpayer from hedging transactions and from the maturity, redemption, sales, exchange, loan, or other disposition of cash or securities.

(44) “Standard deduction” means:

(A) In the case of a return filed by a single individual or married individual filing a separate return:

(i) For taxable years beginning before January 1, 2015, the amount of $4,000 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50) for a single individual and one-half of the amount that may be taken by a single individual for a married individual filing a separate return;

(ii) For taxable years beginning after December 31, 2014, but before January 1, 2017, $5,200 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(iii) For taxable years beginning after December 31, 2016, but before January 1, 2018, $5,650 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(iv) For taxable years beginning after December 31, 2017, but before January 1, 2025, the standard deduction as prescribed in section 63(c) of the Internal Revenue Code of 1986; or

(v) For taxable years beginning after December 31, 2024, the term "standard deduction" means the sum of:

(I) The basic standard deduction as defined in paragraph (3A) of this section; and

(II) The additional standard deduction as prescribed in section 63(c)(3) of the Internal Revenue Code of 1986.

(B) In the case of a return filed by a head of household:

(i) For taxable years beginning before January 1, 2015, the amount of $4,000 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(ii) For taxable years beginning after December 31, 2014, but before January 1, 2017, $6,500 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(iii) For taxable years beginning after December 31, 2016, but before January 1, 2018, $7,800 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(iv) For taxable years beginning after December 31, 2017, but before January 1, 2025, the standard deduction as prescribed in section 63(c) of the Internal Revenue Code of 1986; or

(v) For taxable years beginning after December 31, 2024, the term "standard deduction" means the sum of:

(I) The basic standard deduction as defined in paragraph (3A) of this section; and

(II) The additional standard deduction as prescribed in section 63(c)(3) of the Internal Revenue Code of 1986.

(C) In the case of a return filed by married individuals or registered domestic partners filing a joint return, or a surviving spouse:

(i) For taxable years beginning before January 1, 2015, the amount of $4,000 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(ii) For taxable years beginning after December 31, 2014, but before January 1, 2017, $8,350 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(iii) For taxable years beginning after December 31, 2016, but before January 1, 2018, $10,275 increased annually by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50);

(iv) For taxable years beginning after December 31, 2017, but before January 1, 2025, the standard deduction as prescribed in section 63(c) of the Internal Revenue Code of 1986; or

(v) For taxable years beginning after December 31, 2024, the term "standard deduction" means the sum of:

(I) The basic standard deduction as defined in paragraph (3A) of this section; and

(II) The additional standard deduction as prescribed in section 63(c)(3) of the Internal Revenue Code of 1986.

(D) In the case of an individual who is a resident, as defined in paragraph (42) of this section, for less than a full 12-month taxable year, the amounts specified in subparagraph (A), (B), or (C) of this paragraph prorated by the number of months that the individual was a resident.

(45) “State” means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory, or possession of the United States and any foreign country or political subdivision thereof.

(46) “Subpart F income” shall have the same meaning as provided in section 952 of the Internal Revenue Code of 1986.

(47) “Surviving spouse” shall have the same meaning as provided in section 2(a) of the Internal Revenue Code of 1986; except, that in applying section 2(a) of the Internal Revenue Code of 1986, the term spouse shall be deemed to include a domestic partner.

(48) “Tax” or “tax liability” includes the liability for all amounts owing by a taxpayer to the District under this chapter.

(49)(A) “Tax haven” means a jurisdiction that:

(i) For a particular tax year in question has no, or nominal, effective tax on the relevant income and has laws or practices that prevent effective exchange of information for tax purposes with other governments regarding taxpayers benefitting from the tax regime;

(ii) Lacks transparency, which, for the purposes of this definition, means that the details of legislative, legal, or administrative provisions are not open to public scrutiny and apparent or are not consistently applied among similarly situated taxpayers;

(iii) Facilitates the establishment of foreign-owned entities without the need for a local substantive presence or prohibits these entities from having any commercial impact on the local economy;

(iv) Explicitly or implicitly excludes the jurisdiction's resident taxpayers from taking advantage of the tax regime's benefits or prohibits enterprises that benefit from the regime from operating in the jurisdiction's domestic market; or

(v) Has created a tax regime that is favorable for tax avoidance, based upon an overall assessment of relevant factors, including whether the jurisdiction has a significant untaxed offshore financial or other services sector relative to its overall economy.

(B) For the purposes of this paragraph, the term "tax regime" means a set or system of rules, laws, regulations, or practices by which taxes are imposed on any person, corporation, or entity, or on any income, property, incident, indicia, or activity pursuant to governmental authority.

(B-i) [Repealed].

(50) “Taxable income” means as required by the context set forth in § 47-1807.01(2) or § 47-1808.02(1).

(51) “Taxable year” means the calendar year or the fiscal year, whichever is the basis upon which the net income of the taxpayer is computed under this section; if no fiscal year has been established by the taxpayer, it means the calendar year. The term “taxable year” includes, in the case of a return made for a fractional part of a calendar or fiscal year under the provisions of this section or under regulations prescribed by the Chief Financial Officer, the period for which the return is made; provided, that no taxpayer shall change from a calendar year to a fiscal year or from a fiscal year to a calendar year within any taxable year without the written authorization of the Chief Financial Officer.

(52) “Taxpayer” means any person subject to the tax imposed by this chapter.

(53) “Trade or business” means the engaging in or carrying on of any trade, business, profession, vocation, or calling, or commercial activity in the District of Columbia, including activities in the District that benefit a related entity of the taxpayer, the performance of functions of a public office, and the leasing of real or personal property in the District of Columbia by any person whether or not the property is leased directly by

the person or through an agent, officer, or a representative, and whether or not the person, agent, officer, or representative performs any services in connection with the property.

(54) “United States” means the United States of America and includes all of the states of the United States, the District of Columbia, and United States’ territories and possessions.

(55) “Unitary business” means a single economic enterprise that is made up either of separate parts of a single business entity or of a commonly controlled group of business entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts.

(56) “Wages” means wages as defined in section 3401(a) of the Internal Revenue Code of 1986.

(57) “Water’s-edge combined group” is comprised of all entities includible in the combined report, as determined pursuant to § 47-1810.07.

(58) “Worldwide combined report” means the combination of the income and activities of all members of a unitary group irrespective of the country in which the

corporations are incorporated or conduct business activity.

(July 16, 1947, 61 Stat. 332, ch. 258, art. I, title I, § 4; May 3, 1948, 62 Stat. 206, ch. 246, § 1; May 27, 1949, 63 Stat. 129, ch. 146, title IV, §§ 401, 402; March 31, 1956, 70 Stat. 68, ch. 154, § 2; Sept. 19, 1966, 80 Stat. 809, Pub. L. 89-585, § 1; Sept. 30, 1966, 80 Stat. 858, Pub. L. 89-610, title VII, § 703; Oct. 31, 1969, 83 Stat. 176, Pub. L. 91-106, title VI, § 601(a); Oct. 21, 1975, D.C. Law 1-23, title VI, §§ 601(1), (2), 609, 22 DCR 2105; Mar. 3, 1979, D.C. Law 2-150, § 2, 25 DCR 7038; Mar. 6, 1979, D.C. Law 2-158, §§ 4, 5, 25 DCR 7002; Sept. 13, 1980, D.C. Law 3-95, § 101, 27 DCR 3509; June 11, 1982, D.C. Law 4-118, § 101, 29 DCR 1770; July 24, 1982, D.C. Law 4-130, § 2, 29 DCR 2412; July 24, 1982, D.C. Law 4-131, § 101, 29 DCR 2418; Sept. 17, 1982, D.C. Law 4-150, § 101, 29 DCR 3377; Oct. 8, 1983, D.C. Law 5-32, § 2, 30 DCR 4013; Mar. 14, 1985, D.C. Law 5-147, § 2(a), 31 DCR 6416; Sept. 5, 1985, D.C. Law 6-16, § 3(b), 32 DCR 3578; Sept. 5, 1985, D.C. Law 6-24, § 2, 32 DCR 3611; May 3, 1986, D.C. Law 6-110, § 2, 33 DCR 1744; June 24, 1987, D.C. Law 7-9, § 2(a), (b), 34 DCR 3283; Oct. 1, 1987, D.C. Law 7-29, § 2(a), 34 DCR 5097; Sept. 21, 1988, D.C. Law 7-141, § 2(a), 35 DCR 5398; May 10, 1989, D.C. Law 7-231, § 49, 36 DCR 492; Sept 20, 1989, D.C. Law 8-25, § 2, 36 DCR 4721; Sept. 26, 1990, D.C. Law 8-166, § 2, 37 DCR 4829; Aug. 17, 1991, D.C. Law 9-25, § 2, 38 DCR 4196; June 14, 1994, D.C. Law 10-128, § 103(a), 41 DCR 2096; Apr. 9, 1997, D.C. Law 11-182, § 2, 43 DCR 4251; enacted, Apr. 9, 1997, D.C. Law 11-254, § 2, 44 DCR 1575; Nov. 19, 1997, 111 Stat. 2187, Pub. L. 105-100, § 157(c); Oct. 20, 1999, D.C. Law 13-38, § 2702(f), 46 DCR 6373; June 24, 2000, D.C. Law 13-126, § 2, 47 DCR 2643; Oct. 20, 2005, D.C. Law 16-33, § 1046(a), 52 DCR 7503; May 12, 2006, D.C. Law 16-98, § 2(d), 53 DCR 1869; Mar. 14, 2007, D.C. Law 16-292, § 2(a), 54 DCR 1080; Sept. 18, 2007, D.C. Law 17-20, § 1042, 54 DCR 7052; Sept. 12, 2008, D.C. Law 17-231, § 41(e), 55 DCR 6758; Mar. 25, 2009, D.C. Law 17-353, §§ 168(a), 215(b), 56 DCR 1117; Mar. 3, 2010, D.C. Law 18-108, § 2(a), 57 DCR 22; Mar. 3, 2010, D.C. Law 18-111, § 7241(c), 57 DCR 181; Sept. 14, 2011, D.C. Law 19-21, § 8002(b), 58 DCR 6226; Sept. 20, 2012, D.C. Law 19-168, § 7072(b), 59 DCR 8025; Sept. 26, 2012, D.C. Law 19-171, § 114(g), 59 DCR 6190; Dec. 24, 2013, D.C. Law 20-61, § 7102(b), 60 DCR 12472; June 26, 2014, D.C. Law 20-117, § 14(a), 61 DCR 2032; Feb. 26, 2015, D.C. Law 20-155, § 7012(c)(1), 61 DCR 9990; Oct. 22, 2015, D.C. Law 21-36, §§ 7038, 7182(c), 62 DCR 10905; Oct. 8, 2016, D.C. Law 21-160, § 7028(c)(2), 63 DCR 10775; Dec. 13, 2017, D.C. Law 22-33, § 7172(a), 64 DCR 7652; Dec. 3, 2020, D.C. Law 23-149, § 2022(a), 67 DCR 10493; Mar. 22, 2023, D.C. Law 24-332, § 7(a), 70 DCR 1582; Feb. 12, 2026, D.C. Law 26-89, § 2(b), 73 DCR 9.)

Prior Codifications

1981 Ed., § 47-1801.4.

1973 Ed., § 47-1551c.

Section References

This section is referenced in § 1-206.02, § 6-1110.02, § 26-635, § 47-1401, § 47-1803.03, § 47-1804.01, § 47-1806.09, § 47-1810.07, § 47-1816.03, § 47-1817.01, § 47-2510, and § 47-2514.

Effect of Amendments

D.C. Law 13-38 added new paragraphs (34), (35), and (36).

D.C. Law 13-126, in par. (28A), in the first sentence, substituted “amended from time to time” for “amended through August 20, 1996”.

D.C. Law 16-33, in par. (26)(A), substituted “$2,500” for “$2,000”; and in par. (26)(B), substituted “$1,250” for “$1,000”.

D.C. Law 16-98 added par. (16A); in subpar. (26)(A), substituted "$4,000, increased annually, beginning January 1, 2008, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50)," for "$2,500"; in subpar. (26)(B), substituted "$2,000, increased annually, beginning January 1, 2008, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50)," for "$1,250".

D.C. Law 16-292, added par. (1A); in par. (4), substituted "whether married, domestic partners, or unmarried" for "whether married or unmarried"; in par. 26, subpar. (A), substituted "spouse, or jointly by husband and wife (or domestic partner)" for "spouse or jointly by husband and wife"; and in par. (27), inserted "; provided that in applying section 2(a) of the Internal Revenue Code of 1986, the term 'spouse' shall be deemed to include a domestic partner" following "Internal Revenue Code of 1986".

D.C. Law 17-20, in subpar. (26)(A), substituted "$4,000, increased annually, beginning January 1, 2009, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50)," for "$2,500"; in subpar. (26)(B), substituted "$2,000, increased annually, beginning January 1, 2009, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50)," for "$1,250"; and added par. (37).

D.C. Law 17-231 added par. (1B).

D.C. Law 17-353 validated previously made technical corrections in pars. (26) and (27), and in par. (37), substituted "paragraph (26)(A) of this section" for "§§ 47-1801.04(26)(A)", "paragraph (26)(B) of this section" for "47-1801.04(26)(B)", and "§ 47-1806.02" for "47-1806.02".

D.C. Law 18-108, in par. (26)(A), substituted "a married couple" for "husband and wife".

D.C. Law 18-111, in pars. (26)(A) and (B), substituted "beginning January 1, 2013," for "beginning January 1, 2009,".

D.C. Law 19-21 rewrote the section, which formerly read:

"For the purposes of this chapter and wherever appearing herein, unless otherwise required by the context the term:

"(1) 'District' means the District of Columbia.

"(1A) 'Domestic partners' means persons who have registered their relationship with the District pursuant to § 32-702.

"(1B) 'Domestic partnership' shall have the same meaning as provided in § 32-701(4).

"(2) 'Mayor' means the Mayor of the District of Columbia or his duly authorized representative or representatives.

"(3) 'Person' means an individual (other than a fiduciary), a fiduciary, a partnership (other than an unincorporated business), an association, an unincorporated business, and a corporation.

“(4) ‘Individual’ means all natural persons (other than fiduciaries), whether married, domestic partners, or unmarried.

“(5) ‘Fiduciary’ means a guardian, trustee, executor, committee, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any person.

“(6)(A) ‘Trade or business’ means the engaging in or carrying on of any trade, business, profession, vocation or calling, or commercial activity in the District of Columbia, including activities in the District that benefit an affiliated entity of the taxpayer, the performance of the functions of a public office and the leasing of real or personal property in the District of Columbia by any person whether or not the property is leased directly by such person or through an agent, and whether or not such person or agent performs any services in connection with the property; provided, however, that the term ‘trade or business’ shall not include, for the purposes of this chapter, sales of tangible personal property whereby title to such property passes within or without the District, by a corporation or unincorporated business which does not physically have or maintain an office, warehouse, or other place of business in the District, and which has no officer, agent, or representative having an office or other place of business in the District, during the taxable year.

“(B) For purposes of this chapter, the terms ‘agent’ or ‘representative’ shall not include any independent broker engaged independently in regularly soliciting orders in the District for sellers and who holds himself out as such.

“(7) ‘Taxpayer’ means any person required by this chapter to pay a tax, file a return or report, or apply for a license.

“(8) ‘Fiscal year’ mean an accounting period of 12 months ending on the last day of any month other than December.

“(9) ‘Taxable year’ mean the calendar year or the fiscal year, upon the basis of which the net income of the taxpayer is computed under this chapter; if no fiscal year has been established by the taxpayer, they mean the calendar year. The term ‘taxable year’ includes, in the case of a return made for a fractional part of a calendar or fiscal year under the provisions of this chapter or under regulations prescribed by the Mayor, the period for which such return is made; provided, however, that no taxpayer may change from a calendar year to a fiscal year or from a fiscal year to a calendar year within any taxable year without the written permission of the Mayor.

“(10)(A) ‘Capital asset’ means property defined or treated as a capital asset under the Internal Revenue Code of 1986.

“(B) For the purpose of computing for any taxable year the tax imposed under this chapter with respect to sales or other dispositions of property referred to in subparagraph (A) of this paragraph, the provisions of the Internal Revenue Code of 1986 relating to the treatment of gains and losses (other than the alternative tax imposed by § 1201 of such Code) shall apply.

“(11) ‘Dividend’ means any distribution made by a corporation or financial institution (domestic or foreign) to its stockholders or members, out of its earnings, profits, or surplus (other than paid-in surplus), whenever earned by the corporation or financial institution and whether made in cash or any other property (other than stock of the same class in the corporation or financial institution if the recipient of such stock dividend has neither received nor exercised an option to receive such dividend in cash or in property other than stock instead of stock) and whether distributed prior to, during, upon, or after liquidation or dissolution of the corporation or financial institution, except that in the case of any such distribution any part of which for purposes of the income tax imposed under the Internal Revenue Code of 1986 is deemed to constitute a capital gain, such part shall be deemed to constitute a capital gain for purposes of the tax imposed by this chapter; provided, however, that in the case of any dividend which is distributed other than in cash or stock in the same class in the corporation or financial institution and not exempted from tax under this chapter, the basis of tax to the recipient thereof shall be the market value of such property at the time of such distribution; and provided, however, that the word 'dividend' shall not include any dividend paid by a mutual life insurance company to its shareholders.

"(12) 'Stock' includes a share in any association, joint-stock company, or insurance company.

"(13) 'Shareholder' includes a member in an association, joint-stock company, or insurance company.

"(14) 'Include,' 'includes,' or 'including,' when used in a definition contained in this chapter, shall not be deemed to exclude other things otherwise within the meaning of the word or words defined.

"(15) 'Deficiency' as used in this chapter with respect to any tax imposed by this chapter means:

"(A) The amount or amounts by which the tax imposed by this chapter as determined by the Mayor exceeds the amount shown as the tax by the taxpayer upon his return; or

"(B) The amount assessed as a tax by the Mayor if no return is filed by the taxpayer.

"(16) 'Corporation' includes any trust, association, joint-stock company, small business corporation as defined in § 1371 of the Internal Revenue Code of 1954 (26 U.S.C. § 1371), in effect as of October 18, 1982, S corporation as defined in § 1361(a) of the Internal Revenue Code of 1986, partnership that is classed or should be classed as a corporation for purposes of federal income taxation, any entity organized under § 29-401 et seq., or a foreign professional corporation that has obtained a certificate of authority under § 29-414, to render professional services in the District for any taxable year beginning after December 31, 1984.

"(16A) Expired

"(17) 'Resident' means every individual domiciled within the District at any time during the taxable year, and every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not such other individual is domiciled in the District. The term 'resident' shall not include any elective officer of the government of the United States or any employee on the staff of an elected official in the legislative branch of the government of the United States if such employee is a bona fide resident of the state of residence of such elected officer, or any officer of the executive branch of such government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless such officers or Justices are domiciled within the District at any time during the taxable year. In determining whether an individual is a 'resident', such individual's absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode.

"(18) 'Nonresident' means every individual other than a resident.

“(19) ‘Dependent’ means a dependent as defined in § 152 of the Internal Revenue Code of 1986.

“(20) ‘Head of household’ shall have the same meaning as defined in § 2(b) of the Internal Revenue Code of 1986.

“(21) ‘Wages’ means wages as defined in § 3401(a) of the Internal Revenue Code of 1986.

“(22) ‘Payroll period’ means payroll period as defined in § 3401(b) of the Internal Revenue Code of 1986.

“(23) ‘Employer’ means employer as defined in § 3401(d) of the Internal Revenue Code of 1986.

“(24) ’Employee’ shall apply only to an individual having a place of abode or residing or domiciled within the District at the time the tax is required to be withheld in respect to the individual’s employment by another, and to every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether domiciled in the District or not. The term ‘employee’ shall include an officer of a corporation, but shall not include any elective officer of the government of the United States or any officer or employee in the legislative branch of the Government of the United States whose compensation is paid by the Secretary of the Senate or Clerk of the House of Representatives, or any officer of the executive branch of such government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless such officers or Justices are domiciled within the District of Columbia at any time during the taxable year.

“(25) ‘Financial institution’ means any bank or trust company incorporated or required to be incorporated and doing business under the laws of the United States, the District of Columbia, or any state, a substantial part of the business of which consists of receiving deposits and making loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, and which is subject by law to supervision and examination by the District or by any state, territorial, or federal authority having supervision over financial institutions. The term ‘financial institution’ includes:

“(A) Any savings and loan associations; and

“(B) Any company, a substantial part of the business of which consists of receiving deposits and making loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, which company is organized or created under the laws of a foreign country, and which maintains an office or branch in the District.

“(26) ‘Standard deduction’ means:

“(A) $4,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50), in the case of a return filed by a single individual, by a head of household, by a surviving spouse, or jointly by a married couple (or domestic partner);

“(B) $2,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50), in the case of a married person filing separately; or

“(C) In the case of an individual who is a resident, as defined in paragraph (17) of this section, for less than a full 12-month taxable year, the amounts specified in subparagraphs (A) and (B) of this paragraph prorated by the number of months that the individual was a resident.

“(27) ‘Surviving spouse’ shall have the same meaning as defined in § 2(a) of the Internal Revenue Code of 1986; provided that in applying section 2(a) of the Internal Revenue Code of 1986, the term ‘spouse’ shall be deemed to include a domestic partner.

“(28) ‘Internal Revenue Code of 1954’ means the Internal Revenue Code of 1954, approved April 6, 1954 (68A Stat. 3; 26 U.S.C. § 1 et seq.), as amended through May 24, 1985.

“(28A) The term ‘Internal Revenue Code of 1986’ means the Internal Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 1 et seq.), as amended from time to time. The provisions of the Internal Revenue Code of 1986 shall be effective on the same dates that they are effective for federal tax purposes.

“(29) ‘International banking facility’ or ‘IBF’ shall have the same meaning as defined in § 204.8(a)(1) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR 204.8(a)(1)).

“(30) ‘International banking facility extension of credit’ or ‘IBF loan’ shall have the same meaning as defined in § 204.8(a)(3) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR 204.8(a)(3)).

“(31) ‘International Banking Facility time deposit’ or ‘IBF time deposit’ shall have the same meaning as defined in § 204.8(a)(2) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR 204.8(a)(2)).

“(32) ‘Blind’ means a taxpayer whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

“(33) ‘Subpart F income’ shall have the same meaning as defined in § 952 of the Internal Revenue Code of 1986.

“(34) ‘Net operating loss’ shall have the same meaning as defined in § 172(c) of the Internal Revenue Code, subject to limitations and modifications provided in this chapter.

“(35) ‘Net operating loss deduction’ means the aggregate of the apportioned net operating loss carryovers to the taxable year.

“(36) ’Apportioned net operating loss’ means the net operating loss generated in the year of the loss multiplied by the District of Columbia’s apportionment formula for the loss year.

"(37) 'Cost-of-living adjustment' for any calendar year means an amount equal to the dollar amount set forth in paragraph (26)(A) of this section (pertaining to the standard deduction), paragraph (26)(B) of this section (pertaining to the standard deduction), § 47-1806.02(f)(1)(A) (pertaining to the allowance of additional exemptions for dependents), or § 47-1806.02(i) (pertaining to the personal exemption), as the case may be, multiplied by the percentage that the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the calendar year beginning January 1, 2007. For the purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for the Washington-Baltimore Metropolitan Statistical Area for all-urban consumers published by the Department of Labor, or any successor index, as of the close of the 12-month period ending on July 31 of such calendar year."

The 2012 amendment by D.C. Law 19-168, in (11)(A), deleted "of this section" following "paragraph (44)(A) and (B)," substituted "difference between" for "percentage that," substituted "and" for "that exceeds" following "preceding calendar year," and substituted "January 1, 2011, divided by the Consumer Price Index for the calendar year beginning January 1, 2011" for "January 1, 2007."

The 2012 amendment by D.C. Law 19-171 added the closing parenthetical following "1986" in (6)(B).

The 2013 amendment by D.C. Law 20-61 rewrote the section.

The 2014 amendment by D.C. Law 20-117 rewrote (11).

The 2015 amendment by D.C. Law 20-155 substituted "paragraph (44)(A), (B), and (C)" for "paragraph (44)(A) and (B)" in (11)(A); added the last sentence in (43); and rewrote (44).

The 2015 amendment by D.C. Law 21-36 added "for a single individual and one-half of the amount that may be taken by a single individual for a married individual filing a separate return" in (44)(A)(i); substituted "December 31, 2014" for "January 1, 2015" in (44)(A)(ii), (44)(B)(ii) and (44)(C)(ii); substituted "$ 6,500" for "$ 6,650" in (44)(B)(ii)(I); substituted "$ 8,350" for "$ 6,650" in (44)(C)(ii)(I); and substituted "$ 10,275" for "$ 7,800" in (44)(C)(ii)(II); substituted "means the jurisdictions listed in subparagraph (B-i) of this paragraph and any jurisdiction that" for "means a jurisdiction that" in (49)(A); and added (49)(B-i).

Cross References

Council of the District of Columbia, limits on taxation authority, "individual" and "resident" defined, see § 1-206.02.

Financial institutions, applicability of personal property taxes, "financial institution" defined, see § 47-2510.

Financial institutions, applicability of real property taxes, "financial institution" defined, see § 47-2514.

Residential real property transfer excise tax, "deficiency" defined, see § 47-1401.

Applicability

Applicability of D.C. Law 24-332: § 9 of D.C. Law 24-332 provided that the creation of this section by § 7(a) of D.C. Law 24-332 is subject to the inclusion of the law's fiscal effect in an approved budget and financial plan. Therefore that amendment has not been implemented.

Section 7174 of Law 22-33 provided that the changes made to this section by Law 22-33 shall apply as of January 1, 2018.

Emergency Legislation
For temporary (90 days) amendment of this section, see § 2(b) of D.C. Income and Franchise Tax Conformity and Revision Emergency Amendment Act of 2025 (D.C. Act 26-214, Dec. 3, 2025, 72 DCR 13684).

For temporary (90 days) amendment of this section, see § 7172(a) of Fiscal Year 2018 Budget Support Congressional Review Emergency Act of 2017 (D.C. Act 22-167, Oct. 24, 2017, 64 DCR 10802).

For temporary (90 days) amendment of this section, see § 7172(a) of Fiscal Year 2018 Budget Support Emergency Act of 2017 (D.C. Act 22-104, July 20, 2017, 64 DCR 7032).

For temporary (90 day) amendment of section, see §§ 1046(a), 1047, of Fiscal Year 2006 Budget Support Emergency Act of 2005 (D.C. Act 16-168, July 26, 2005, 52 DCR 7667).

For temporary (90 day) amendment of section, see §§ 1042, 1043 of Fiscal Year 2008 Budget Support Emergency Act of 2007 (D.C. Act 17-74, July 25, 2007, 54 DCR 7549).

For temporary (90 day) amendment of section, see § 7111(c) of Fiscal Year 2010 Budget Support Emergency Act of 2009 (D.C. Act 18-187, August 26, 2009, 56 DCR 7374).

For temporary (90 day) amendment of section, see § 7241(c) of Fiscal Year 2010 Budget Support Second Emergency Act of 2009 (D.C. Act 18-207, October 15, 2009, 56 DCR 8234).

For temporary (90 day) amendment of section, see § 7241(c) of Fiscal Year Budget Support Congressional Review Emergency Amendment Act of 2009 (D.C. Act 18-260, January 4, 2010, 57 DCR 345).

For temporary amendment of section, see § 302(b) of the Fiscal Year 2013 Budget Support Technical Clarification Emergency Amendment Act of 2012 (D.C. Act 19-482, October 12, 2012, 59 DCR 12478), applicable for taxable years beginning after December 31, 2010.

For temporary (90 days) amendment of this section, see §§ 7102(b) and 7103 of the Fiscal Year 2014 Budget Support Emergency Act of 2013 (D.C. Act 20-130, July 30, 2013, 60 DCR 11384, 20 DCSTAT 1827).

For temporary (90 days) amendment of this section, see §§ 7102(b) and 7103 of the Fiscal Year 2014 Budget Support Congressional Review Emergency Act of 2013 (D.C. Act 20-204, October 17, 2013, 60 DCR 15341, 20 DCSTAT 2311).

For temporary (90 days) amendment of this section, see §§ 2-4 of the Cost-of-Living Adjustment Personal Income Tax Standard Deduction and Exemption Technical Clarification Emergency Act of 2013 (D.C. Act 20-228, November 29, 2013, 60 DCR 16786, 20 STAT 2628).

For temporary (90 days) amendment of this section, see §§ 2(a) and 3 of the Tax Exemption for Teacher Awards Emergency Act of 2013 (D.C. Act 20-246, December 27, 2013, 61 DCR 138, 20 DCSTAT 2639).

For temporary (90 days) amendment of this section, see §§ 2 and 3 of the Cost-of-Living Adjustment Personal Income Tax Standard Deduction and Exemption Technical Clarification Congressional Review Emergency Act of 2014 (D.C. Act 20-283, February 20, 2014, 61 DCR 1599).

For temporary (90 days) amendment of this section, see § 2 of the Workers' Compensation Statute of Limitations Emergency Amendment Act of 2014, (D.C. Act 20-334, May 22, 2014, 61 DCR 5373).

For temporary (90 days) amendment of this section, see § 3 of the Cost-of-Living Adjustment Personal Income Tax Standard Deduction and Exemption Technical Clarification Second Congressional Review Emergency Act of 2014, (D.C. Act 20-333, May 22, 2014, 61 DCR 5371).

For temporary (90 days) amendment of this section, see § 7022(c)(1) of the Fiscal Year 2015 Budget Support Emergency Act of 2014 (D.C. Act 20-377, July 14, 2014, 61 DCR 7598, 20 STAT 3696).

For temporary (90 days) amendment of this section, see § 7012(c)(1) of the Fiscal Year 2015 Budget Support Congressional Review Emergency Act of 2014 (D.C. Act 20-449, October 10, 2014, 61 DCR 10915, 20 STAT 4188).

For temporary (90 days) amendment of this section, as amended by D.C. Law 20-155, § 7012(c), see § 2(l)(2)(A) of the Fiscal Year 2015 Budget Support Clarification Emergency Act of 2014 (D.C. Act 20-461, November 6, 2014, 61 DCR 11784, 20 STAT 4368).

For temporary (90 days) amendment of this section, see § 7012(c)(1) of the Fiscal Year 2015 Budget Support Second Congressional Review Emergency Act of 2014 (D.C. Act 20-566, January 9, 2015, 62 DCR 884, 21 STAT 541).

For temporary (90 days) amendment of this section, as amended by D.C. Law 20-155, § 7012(c), see § 2(l)(2)(A) of the Fiscal Year 2015 Budget Support Clarification Emergency Act of 2014 (D.C. Act 20-587, January 13, 2015, 62 DCR 1294, 21 STAT 758).

For temporary (90 days) amendment of this section, see §§ 7016(o) and 7152(c) of the Fiscal Year 2016 Budget Support Emergency Act of 2015 (D.C. Act 21-127, July 27, 2015, 62 DCR 10201).

For temporary (90 days) addition of D.C. Law 21-36, § 7182(d), an applicability clause, see § 2(d) of the Fiscal Year 2016 Budget Support Clarification Emergency Amendment Act of 2015 (D.C. Act 21-164, Oct. 16, 2015, 62 DCR 13734).

For temporary (90 days) addition of emergency D.C. Act 21-127, § 7152(d), an applicability clause, see § 3(b) of the Fiscal Year 2016 Budget Support Clarification Emergency Amendment Act of 2015 (D.C. Act 21-164, Oct. 16, 2015, 62 DCR 13734).

For temporary (90 days) amendment of section, see §§ 6(b) and 7 of the Fiscal Year 2016 Second Budget Support Clarification Emergency Amendment Act of 2015 (D.C. Act 21-202, Nov. 23, 2015, 62 DCR 15276).

For temporary (90 days) repeal of emergency D.C. Act 21-164, § 2(d), see § 12 of the Fiscal Year 2016 Second Budget Support Clarification Emergency Amendment Act of 2015 (D.C. Act 21-202, Nov. 23, 2015, 62 DCR 15276).

For temporary (90 days) amendment of this section, see §§ 6(b) and 7 of the Fiscal Year 2016 Budget Support Clarification Congressional Review Emergency Amendment Act of 2016 (D.C. Act 21-307, Feb. 18, 2016, 63 DCR 2182).

Temporary Legislation

For temporary (225 days) amendment of this section, see § 2(b) of D.C. Income and Franchise Tax Conformity and Revision Temporary Amendment Act of 2025 (D.C. Law 26-89, Feb. 12, 2026, 73 DCR 9).

Section 302(b) of D.C. Law 19-226 amended this section to read as follows:

"§ 47-1801.04. General definitions.

"For the purposes of this chapter, unless otherwise required by the context, the term:

"(1) 'Affiliated group' means an affiliated group as defined in section 1504 of the Internal Revenue Code of 1986; provided, that the affiliated group shall not include any corporation that does not have gross income derived from sources within the District.

"(2) 'Aggregated effective tax rate' means the sum of the effective rates of tax imposed by the District of Columbia, states, or possessions of the United States, and foreign nations that have entered into comprehensive tax treaties with the United States government, where a related member receiving a payment of interest expense or intangible expense is subject to tax and where the measure of the tax imposed included the payment.

"(3) 'Apportioned net operating loss' means the net operating loss generated in the year of the loss multiplied by the District of Columbia's apportionment formula for the loss year.

"(4) 'Blind' means a taxpayer whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

"(5) 'Business income' means all income that is apportionable under the Constitution of the United States.

"(6)(A) 'Capital asset' means property defined or treated as a capital asset under the Internal Revenue Code of 1986.

"(B) For the purpose of computing for any taxable year, the tax imposed under this chapter with respect to sales or other dispositions of property referred to in subparagraph (A) of this paragraph, the provisions of the Internal Revenue Code of 1986 relating to the treatment of gains and losses (other than the alternative tax imposed by section 1201 of the Internal Revenue Code of 1986) shall apply.

"(7) 'Combined group' means the group of all persons whose income and apportionment factors are required to be taken into account pursuant to § 47-1805.02a(a) and (b) and the pertinent regulations in determining the taxpayer's share of the net business income or loss apportionable to the District.

"(8) 'Commercial domicile' means the principal place from which the trade or business of the taxpayer is directed or managed.

“(9) ‘Compensation’ means wages, salaries, commissions, and any other form of remuneration paid to an employee for personal services.

“(10) ‘Corporation’ means:

“(A) Any corporation as defined by the laws of the District or organization of any kind treated as a corporation for tax purposes under the laws of the District, wherever located, which, were it doing business in the District, would be subject to the tax imposed by this chapter;

“(B) The business conducted by a partnership within the meaning of § 47-1808.06, that is directly or indirectly held by a corporation shall be considered the business of the corporation to the extent of the corporation's distributive share of the partnership income, inclusive of guaranteed payments to the extent prescribed by regulation; and

“(C) A joint-stock company, trust, association and S corporation as defined in section 1361(a) of the Internal Revenue Code of 1986, or other organization that is taxable as a corporation under federal income tax law.

“(11)(A) ‘Cost-of-living adjustment’ means an amount, for any calendar year, equal to the dollar amount set forth in paragraph (44)(A) and (B) of this section or § 47-1806.02(f)(1)(A) and (i) multiplied by the percentage that the Consumer Price Index for the preceding calendar year exceeds the Consumer Price Index for the calendar year beginning January 1, 2007.

“(B) For the purposes of this paragraph, the Consumer Price Index for any calendar year is the average of the Consumer Price Index for the Washington- Baltimore Metropolitan Statistical Area for all-urban consumers published by the Department of Labor, or any successor index, as of the close of the 12-month period ending on July 31 of such calendar year.

“(12) ‘Deficiency’ with respect to any tax imposed by this chapter means:

“(A) The amount or amounts by which the tax imposed by this chapter, as determined by the Chief Financial Officer, exceeds the amount shown as the tax by the taxpayer upon his return; or

“(B) The amount assessed as a tax by the Chief Financial Officer if no return is filed by the taxpayer.

“(13) ‘Dependent’ means a dependent as defined in section 152 of the Internal Revenue Code of 1986.

“(14) ‘Dividend’ means any distribution made by a corporation or financial institution (domestic or foreign) to its stockholders or members, out of its earnings, profits, or surplus, other than paid-in surplus, whenever earned by the corporation or financial institution and whether made in cash or in any other property (other than stock of the same class in the corporation or financial institution, if the recipient of the stock dividend has neither received nor exercised an option to receive the dividend in cash or in property other than stock instead of stock) and whether distributed before, during, upon, or after liquidation or dissolution of the corporation or financial institution; except, that in the case of any such distribution, any part of which for purposes of the income tax imposed under the Internal Revenue Code of 1986 is deemed to constitute a capital gain, such part shall be deemed to constitute a capital gain for purposes of the tax imposed by this chapter; provided, that in the case of any dividend that is distributed other than in cash or stock in the same class in the corporation or financial institution and not exempted from tax under this chapter, the basis of tax to the recipient shall be the market value of the property at the time of the distribution; provided further, that a dividend shall not include any dividend paid by a mutual life insurance company to its shareholders.

“(15) ‘Doing business’ means any activity of a corporation or financial institution that enjoys the benefits and protection of the government and laws of the District.

“(16) ‘Domestic partners’ means persons who have registered their relationship with the District pursuant to § 32-702.

“(17) ‘Employee’ means an individual having a place of abode or residing or domiciled within the District at the time the tax is required to be withheld in respect to the individual's employment by another, and to every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether domiciled in the District or not, including an officer of a corporation, but excluding any elective officer of the government of the United States or any officer or employee in the legislative branch of the government of the United States whose compensation is paid by the Secretary of the Senate or Clerk of the House of Representatives, any officer of the executive branch of the government of the United States whose appointment was made by the President of the United States, subject to confirmation by the Senate of the United States, and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless the officer, employee, or justice is domiciled within the District of Columbia at any time during the taxable year.

“(18) ‘Employer’ means an employer as defined in section 3401(d) of the Internal Revenue Code of 1986.

“(19) ‘Fiduciary’ means a guardian, trustee, executor, committee, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any person.

“(20) ‘Financial institution’ means any bank or trust company incorporated or required to be incorporated and doing business under the laws of the United States, the District of Columbia, or any state, a substantial part of the business of which consists of receiving deposits and making loans and discounts or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency and which is subject by law to supervision and examination by the District or by any state, territorial, or federal authority having supervision over the financial institution, including:

“(A) Any savings and loan associations; and

“(B) Any company, a substantial part of the business of which consists of receiving deposits and making loans and discounts or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, which is organized or created under the laws of a foreign country and which maintains an office or branch in the District.

“(21) ‘Fiscal year’ means an accounting period of 12 months ending on any day other than the last day of December and on the basis of which the taxpayer is required to report for federal income tax purposes.

“(22) ‘Head of household’ shall have the same meaning as defined in section 2(b) of the Internal Revenue Code of 1986.

“(23) ‘Individual’ means all natural persons (other than fiduciaries), whether married, domestic partners, or unmarried.

“(24) ‘Intangible expense’ means:

“(A) An expense, loss, or cost for, related to, or in connection directly or indirectly with the direct or indirect acquisition, use, maintenance, management, ownership, sale, exchange, or any other disposition of intangible property, to the extent the expense, loss, or cost is allowed as a deduction or cost in determining taxable income for the taxable year under the Internal Revenue Code of 1986;

“(B) A loss related to or incurred in connection directly or indirectly with factoring transactions or discounting transactions;

“(C) A royalty, patent, technical, or copyright and licensing fee; or

“(D) Any other similar expense or cost.

“(25) ‘Intangible property’ means patents, patent applications, trade names, trademarks, service marks, copyrights, and similar types of intangible assets.

“(26) ‘Interest expense’ means an amount directly or indirectly allowed as a deduction under section 163 of the Internal Revenue Code of 1986 for purposes of determining taxable income under the Internal Revenue Code of 1986.

“(27) ‘Internal Revenue Code of 1954’ means the Internal Revenue Code of 1954, approved April 6, 1954 (68A Stat. 3; 26 U.S.C. § 1 et seq.), as amended through May 24, 1985.

“(28) ‘Internal Revenue Code of 1986’ means the Internal Revenue Code of 1986, approved October 22, 1986 (100 Stat. 2085; 26 U.S.C. § 1 et seq.); which provisions shall apply on the same dates that they are effective for federal tax purposes.

“(29) ‘International banking facility’ or ‘IBF’ shall have the same meaning as provided in section 204.8(a)(1) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(1)).

“(30) ‘International banking facility extension of credit’ or ‘IBF loan’ shall have the same meaning as provided in section 204.8(a)(3) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(3)).

“(31) ‘International Banking Facility time deposit’ or ‘IBF time deposit’ shall have the same meaning as provided in section 204.8(a)(2) of Regulation D of the Board of Governors of the Federal Reserve System, effective December 3, 1981 (12 CFR § 204.8(a)(2)).

“(32) ‘Net operating loss’ shall have the same meaning as provided in section 172(c) of the Internal Revenue Code of 1986, subject to limitations and modifications provided in this section.

“(33) ‘Net operating loss deduction’ means the aggregate of the apportioned net operating loss carryovers to the taxable year.

“(34) ‘Nonbusiness income’ means all income other than business income.

“(35) ‘Nonresident’ means every individual other than a resident.

“(36) ‘Ownership’ in determining the ownership of stock, assets, or net profits of any person, means the constructive ownership of section 318(a) of the Internal Revenue Code of 1986 as modified by section 856(d)(5) of the Internal Revenue Code of 1986.

“(37) ‘Partnership’ means a general or limited partnership or organization of any kind that is treated as a partnership for tax purposes under the laws of the District of Columbia.

“(38) ‘Payroll period’ means a payroll period as defined in section 3401(b) of the Internal Revenue Code of 1986.

“(39) ‘Person’ means any individual, firm, partnership, general partner of a partnership, limited liability company, registered limited liability partnership, foreign limited liability partnership, association, corporation (whether or not the corporation is, or would be if doing business in the District, subject to this chapter), unincorporated business, company, syndicate, estate, trust, business trust, trustee, trustee in bankruptcy, receiver, executor, administrator, assignee, fiduciary, or organization of any kind.

“(40) ‘Related entity’ means a person that under the attribution rules of section 318 of the Internal Revenue Code of 1986 is:

“(A) A stockholder who is an individual, or a member of the stockholder's family as enumerated in section 318 of the Internal Revenue Code of 1986, if the stockholder and the members of the stockholder's family own, directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock;

“(B) A stockholder, or a stockholder's partnership, limited liability company, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, limited liability companies, estates, trusts, and corporations own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock; or

“(C) A corporation, or a party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of section 318 of the Internal Revenue Code of 1986 ('party related to the corporation'), if the corporation or party related to the corporation owns, directly, indirectly, beneficially, or constructively, at least 50% of the value of the corporation's outstanding stock.

“(41) ‘Related member’ means:

“(A) A person that, with respect to the taxpayer is, at any time during the year, a related entity;

“(B) A component member as defined in section 1563(b) of the Internal Revenue Code of 1986;

“(C) A controlled group of which the taxpayer is also a component; or

“(D) A person to or from whom there is attribution of stock ownership in accordance with section 1563(e) of the Internal Revenue Code of 1986.

“(42) ‘Resident’ means an individual domiciled in the District at any time during the taxable year, and every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not the individual is domiciled in the District, excluding any elective officer of the government of the United States or any employee on the staff of an elected official in the legislative branch of the government of the United States if the employee is a bona fide resident of the state of residence of the elected officer, or any officer of the executive branch of the government whose appointment was made by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless the officer, employee, or justice is domiciled within the District at any time during the taxable year. In determining whether an individual is a resident, an individual's absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode.

“(43) ‘Sales’ means all gross receipts of the taxpayer that are business income, as that term is defined in this section.

“(44) ‘Standard deduction’ means:

“(A) The amount of $4,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50), in the case of a return filed by a single individual, by a head of household, by a surviving spouse, or jointly by husband and wife (or domestic partner);

“(B) The amount of $2,000, increased annually, beginning January 1, 2013, by the cost-of-living adjustment (if the adjustment does not result in a multiple of $50, rounded to the next lowest multiple of $50), in the case of a married person filing separately; or

“(C) In the case of an individual who is a resident, as defined in paragraph (42) of this section, for less than a full 12-month taxable year, the amounts specified in subparagraphs (A) and (B) of this paragraph prorated by the number of months that the individual was a resident.

“(45) ‘State’ means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory, or possession of the United States and any foreign country or political subdivision thereof.

“(46) ‘Subpart F income’ shall have the same meaning as provided in section 952 of the Internal Revenue Code of 1986.

“(47) ‘Surviving spouse’ shall have the same meaning as provided in section 2(a) of the Internal Revenue Code of 1986; except, that in applying section 2(a) of the Internal Revenue Code of 1986, the term spouse shall be deemed to include a domestic partner.

“(48) ‘Tax’ or ‘tax liability’ includes the liability for all amounts owing by a taxpayer to the District under this chapter.

“(49) ‘Tax haven’ means a jurisdiction that:

“(A) For a particular tax year in question has no, or nominal, effective tax on the relevant income and has laws or practices that prevent effective exchange of information for tax purposes with other governments regarding taxpayers benefitting from the tax regime;

“(B) Lacks transparency, which for the purposes of this definition means that the details of legislative, legal, or administrative provisions are not open to public scrutiny and apparent or are not consistently applied among similarly situated taxpayers;

“(C) Facilitates the establishment of foreign-owned entities without the need for a local substantive presence or prohibits these entities from having any commercial impact on the local economy;

“(D) Explicitly or implicitly excludes the jurisdiction's resident taxpayers from taking advantage of the tax regime's benefits or prohibits enterprises that benefit from the regime from operating in the jurisdiction's domestic market; or

“(E)(i) Has created a tax regime that is favorable for tax avoidance, based upon an overall assessment of relevant factors, including whether the jurisdiction has a significant untaxed offshore financial or other services sector relative to its overall economy.

“(ii) For the purposes of this definition, the term 'tax regime' means a set or system of rules, laws, regulations, or practices by which taxes are imposed on any person, corporation, or entity, or on any income, property, incident, indicia, or activity pursuant to governmental authority.

“(50) ‘Taxable income’ means as required by the context set forth in § 47-1807.01(2) or § 47-1808.02(1).

“(51) ‘Taxable year’ means the calendar year or the fiscal year, whichever is the basis upon which the net income of the taxpayer is computed under this section; if no fiscal year has been established by the taxpayer, it means the calendar year. The term 'taxable year' includes, in the case of a return made for a fractional part of a calendar or fiscal year under the provisions of this section or under regulations prescribed by the Chief Financial Officer, the period for which the return is made; provided, that no taxpayer shall change from a calendar year to a fiscal year or from a fiscal year to a calendar year within any taxable year without the written authorization of the Chief Financial Officer.

“(52) ‘Taxpayer’ means any person subject to the tax imposed by this chapter.

“(53) ‘Trade or business’ means the engaging in or carrying on of any trade, business, profession, vocation, or calling, or commercial activity in the District of Columbia, including activities in the District that benefit an affiliated entity of the taxpayer, the performance of functions of a public office, and the leasing of real or personal property in the District of Columbia by any person whether or not the property is leased directly by the person or through an agent, and whether or not the person or agent performs any services in connection with the property.

“(54) ‘United States’ means the United States of America and includes all of the states of the United States, the District of Columbia, and United States' territories and possessions.

“(55)(A) ‘Unitary business’ means a single economic enterprise that is made up either of separate parts of a single business entity or of a commonly controlled group of business entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts.

“(B) For the purposes of this chapter, any business conducted by a partnership within the meaning of § 47-1808.06 shall be treated as conducted by its partners, whether directly held or indirectly held through a series of partnerships, to the extent of the partner's distributive share of the partnership's income, regardless of the percentage of the partner's ownership interest or its distributive or any other share of partnership income. A business conducted directly or indirectly by one person is unitary with that portion of a business conducted by another person through its direct or indirect interest in a partnership if there is a synergy and exchange and flow of value between the 2 parts of the business and the 2 persons are members of the same commonly controlled group.

“(56) ‘Wages’ means wages as defined in section 3401(a) of the Internal Revenue Code of 1986.

“(57) ‘Water's-edge combined group’ is comprised of all entities includible in the combined report, as determined pursuant to § 47-1810.07(a).

“(58) ‘Worldwide combined report’ means the combination of the income and activities of all members of a unitary group irrespective of the country in which the corporations are incorporated or conduct business activity.”

Section 303 of D.C. Law 19-226 provided that § 302 of the act shall apply for taxable years beginning after December 31, 2010.

Section 402(b) of D.C. Law 19-226 provided that the act shall expire after 225 days of its having taken effect.

For temporary (225 days) amendment of this section, see §§ 2(a) and 3 of the Tax Exemption for Teacher Awards Temporary Act of 2013 (D.C. Law 20-90, February 22, 2014, 61 DCR 322).

For temporary (225 days) amendment of this section, see § 2(l) of the Fiscal Year 2015 Budget Support Clarification Temporary Amendment Act of 2014 (D.C. Law 20-179, March 7, 2015, 62 DCR 424).

For temporary (225 days) amendment of this section, see §§ 14(b) and 15 of the Fiscal Year 2016 Budget Support Clarification Temporary Amendment Act of 2015 (D.C. Law 21-76, Feb. 27, 2016, 63 DCR 264).

Short Title

Short title of subtitle K of title I of Law 16-33: Section 1045 of D.C. Law 16-33 provided that subtitle K of title I of the act may be cited as the Increase in the Standard Deduction and Personal Exemption Act of 2005.

Short title: Section 1041 of D.C. Law 17-20 provided that subtitle E of title I of the act may be cited as the “Standard Deduction Increase Act of 2007”.

Short title: Section 8001 of D.C. Law 19-21 provided that subtitle A of title VIII of the act may be cited as “Combined Reporting Act of 2011”.

Section 7101 of D.C. Law 20-61 provided that Subtitle J of Title VII of the act may be cited as the “Combined Reporting Clarification Act of 2013”.

References in Text

Section 1201 of the Internal Revenue Code of 1986, referred to in (10)(B), is codified as 26 U.S.C. § 1201.

Section 152 of the Internal Revenue Code of 1986, referred to in (19), is codified as 26 U.S.C. § 152.

Section 2(b) of the Internal Revenue Code of 1986, referred to in (20), is codified as 26 U.S.C. § 2(b).

Section 3401(a), (b) and (d), of the Internal Revenue Code of 1986, referred to in (21), (22), and (23), respectively, are codified as 26 U.S.C.§ 3401(a), (b), and (d), respectively.

Section 2(a) of the Internal Revenue Code of 1986, referred to in (27), is codified as 26 U.S.C. § 2(a).

Section 952 of the Internal Revenue Code of 1986, referred to in (33), is codified as 26 U.S.C. § 952.

Effective Dates

Effectiveness and expiration of D.C. Law 16-98: Section 4 of D.C. Law 16-98 required that "this act shall take effect subject to the inclusion of its fiscal effect in an approved budget and financial plan; provided, that this act shall expire on October 1, 2006 if its fiscal effect has not been included in an approved budget and financial plan or in the Fiscal Year 2007 Budget Request Act of 2006."

Editor's Notes

Section 1047 of D.C. Law 16-33 provided that § 1046 shall apply as of Jan. 1, 2006.

Section 3(b) of D.C. Law 16-98 provided that Section 2(d) and (e) shall apply as of January 1, 2007.

The Budget Director of the Council of the District of Columbia has determined, as of November 2, 2007, that the fiscal effect of Law 16-98 had not been included in an approved budget and financial plan by October 1, 2006. Therefore, the amendments made to this section by Law 16-98, have expired as if never in effect.

Section 1043 of D.C. Law 17-20 provided this subtitle shall apply as of January 1, 2008.

Section 3 of D.C. Law 18-108 provided: "Section 2 shall apply for tax years beginning January 1, 2009."

Section 8004 of D.C. Law 19-21 provided: "Sec. 8004. Applicability. This subtitle shall apply for taxable years beginning after December 31, 2010."

Paragraph (16A) of this section, defining "cost-of-living adjustments" expired October 1, 2006.

Mayor authorized to issue regulations: Section 401 of D.C. Law 4-150 and § 9 of D.C. Law 5-32 provided that the Mayor shall issue regulations necessary to carry out the provisions of these acts.

Applicability of D.C. Law 20-61: Section 7103 of D.C. Law 20-61 provided that § 7102 of the act shall apply for taxable years beginning after December 31, 2010.

Applicability of D.C. Law 20-117: Section 14(b) of D.C. Law 20-117 provided that § 14(a) of the act, which rewrote (11), shall apply for taxable years beginning after December 31, 2010.

Section 18 of D.C. Law provided that the act shall apply as of October 1, 2013.