

Income/Franchise:

District of Columbia: Emergency Legislation Switches to Finnigan Apportionment and Repeals Qualified Hi-Tech Benefit

Act 25-0506 (D.C.B. 875), enacted without mayor's signature 7/15/24. The "Fiscal Year 2025 Budget Support Emergency Act of 2024" was recently enacted without District of Columbia (DC) Mayor Muriel Bowser's signature and includes provisions that "transition from the Joyce method of apportionment to the Finnigan method of apportionment" for tax years beginning after December 31, 2025 – specifically, adding that "a combined group of entities will be treated as one taxpayer for purposes of sourcing unitary receipts, as required by this chapter, and the apportionment factor attributes in the numerator, as required by this chapter, will be derived from all the members of the combined group, regardless of whether a member has nexus with the District of Columbia." This emergency legislation also repeals a benefit afforded under DC's "Qualified High Technology Company" (QHTC) provisions – specifically, it repeals the 3% tax on capital gain from the sale or exchange of a QHTC investment. The DC emergency legislation took effect on July 15, 2024, and remains in effect through October 13, 2024. Note that permanent DC legislation with similar provisions known as the "Fiscal Year 2025 Budget Support Act of 2024" [see B25-0784 for details on this legislation] remains pending. Please contact us with any related questions.

URL: <https://lims.dccouncil.gov/Legislation/B25-0875>

URL: <https://lims.dccouncil.gov/Legislation/B25-0784>

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