

Income/Franchise:

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

D.C.B. 784 (Act 25-0550) – Law Number L25-0217, 30-day Congressional review period ended 9/18/24. The “Fiscal Year 2025 Budget Support Act of 2024” took effect on September 18, 2024, and it 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.” The legislation also repeals a benefit afforded under the District of Columbia (DC) “Qualified High Technology Company” (QHTC) provisions – specifically, it repeals the 3% tax on capital gain from the sale or exchange of a QHTC investment. Note that similar DC emergency legislation took effect on July 15, 2024 [see *State Tax Matters*, Issue 2024-30, for more details on this emergency legislation], and the DC Office of Tax and Revenue released guidance explaining the new provisions [see Release: District of Columbia Tax Changes Take Effect October 1st, D.C. Office of Tax & Rev. (9/9/24) and *State Tax Matters*, Issue 2024-37, for more details on this guidance]. Please contact us with any related questions.

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

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240726_1.html

URL: <https://otr.cfo.dc.gov/release/district-columbia-tax-changes-take-effect-october-1st-0>

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240913_2.html

— Joe Carr (McLean)
Managing Director
Deloitte Tax LLP
josecarr@deloitte.com

Jennifer Alban-Bond (McLean)
Principal
Deloitte Tax LLP
jalbanbond@deloitte.com

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