



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

Office of Tax and Revenue

Tax Administration Modernization and Simplification Act of 2022

January 3, 2023



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE I.

TAX ADMINISTRATION
MODERNIZATION AND
SIMPLIFICATION ACT

Sec. 102.

Tax Payments

- Lowers the electronic payment requirement threshold from \$5,000 to \$1,000.
- Clarifies that the current electronic payment requirement applies to all taxes (*except for individual income tax*).



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE I. TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

Sec. 103. Electronic Notices

- ❑ Authorizes OTR to send or receive the following notices by regular mail or electronic means:
 - Assessments for all tax types
 - Refund denials for all tax types
 - Denials of real property tax exemptions
 - Referrals to collection agencies
 - Levies and garnishments
 - Proposed assessments of deficiency
 - Jeopardy assessments
 - Responsible officer penalties
 - Bulk sale notices



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE I.

TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

Sec. 104. Audit Modernization

- Confirms that both office and field examinations will *ordinarily* take place in person at OTR's office or the taxpayer's location.

- Authorizes virtual examinations or in person examinations at an alternative location at the discretion of the Chief Financial Officer.



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE I.

TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

Sec. 105. Electronic Deed Recordation and Clarification

- Authorizes the Recorder of Deeds to promulgate regulations to implement an electronic mandate for recording.

- Makes conforming and technical amendments for deed recordation.



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE I. TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

Sec. 106. Wage Withholding Clarification

- Modernizes the District's withholding laws to conform with IRS withholding guidance and changes made in the TCJA.
- Updates withholding requirements on foreign corporations and unincorporated businesses subject to the District's jurisdiction at the highest statutory rate rather than a flat 5%.
- Authorizes the OCFO, rather than the Council, to adopt regulations implementing the withholding requirements.



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE I. TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

Sec. 107. Minimum Tax Clarification

- Corrects an inconsistency as to whether unincorporated businesses (UB's) with gross income below \$12,000 (the threshold to file a D-30) are subject to the minimum tax.
- Clarifies that the amount of the minimum tax for UB's with annual **gross receipts** of \$12,000 or less are not subject to the minimum tax.
- Clarifies that the minimum tax for both corporations and UB's is based on "annual total gross receipts" rather than "District gross receipts".



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE I.

TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

Sec. 108. Interest rate conformity

Conforms interest rate on refund requests adjudicated by the Superior Court (currently 6%) to the rate applied to all other tax refunds (1% above Richmond Federal Reserve discount rate not to exceed 6%).



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE II. REAL PROPERTY TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION AMENDMENT ACT

Sec. 202 Tax Billing Modernization.

- Changes the due date for second half real property tax bills from September 15 to September 30.
- Makes conforming amendments for BID tax and vault rents.



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE II.
REAL PROPERTY TAX
ADMINISTRATION
MODERNIZATION AND
SIMPLIFICATION
AMENDMENT ACT

Sec. 203.
**Lower Income
Homeownership Tax
Abatement
Simplification**

- Harmonizes the Lower Income Homeownership Tax Abatement Program with the Homestead Deduction.
- Eliminates requirement for homeowners to separately apply for the Homestead Deduction at the expiration of the Lower Income Homeownership Tax Abatement Program.



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE II.

REAL PROPERTY TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION AMENDMENT ACT

Sec. 204. Tax Sale Modernization.

- Authorizes CFO to cancel or postpone a tax sale via rulemaking.
- Makes technical changes to modernize and streamline tax sale procedures.



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE II.

REAL PROPERTY TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION AMENDMENT ACT

- Harmonizes laws related to real property tax exemptions and annual reporting by property owners to existing administrative practice.

**Sec. 205. Exemption
application
modernization and
clarification.**



TAX ADMINISTRATION MODERNIZATION AND SIMPLIFICATION ACT

TITLE III. REPEAL OF OBSOLETE TAX PROVISIONS

Sec. 302. Repeals

- Repeals the following obsolete sales tax provisions:
 - § 47-2006. Application of exemption.
 - § 47-2007. Action for collection of taxes.
 - § 47-2008. Rules and regulations.
- Repeals the following obsolete QHTC and amnesty tax provisions:
 - § 47-4218. Penalties for Qualified High Technology Company.
 - § 47-4407. Amnesty for tax periods ending prior to December 31, 2009.
- Repeals the following obsolete OCFO reporting provisions:
 - § 47-1816.03. Report by Mayor concerning amendment, repeal, or replacement of Internal Revenue Code.
 - § 47-3721. Report by Mayor concerning amendment, repeal, or replacement of Internal Revenue Code of 1954.