

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF TAX AND REVENUE



OTR TAX NOTICE 2012-03
March 8, 2012, Revised March 13, 2012

Combined Reporting Transitional Issues

This notice addresses the requirements for closing out a separate entity account that will now be filing a combined report, due dates for filing the combined report for Form D-20 and D-30 filers, posting of estimated tax payments that were made on a separate entity basis to the designated agent's account, requirements for filing an extension of time to file a return, and the status of proposed regulations and combined reporting schedules.

Closing out the Separate Entity

If an entity filed a District return on a stand-alone basis (separate reporting) or District consolidated return for the tax year beginning prior to December 31, 2010 and that entity will now be filing on a combined reporting basis for the tax year beginning after December 31, 2010, that entity (or entities) will be required to file a separate "final" return showing "zeros" except if separate estimated tax payments were made, in which case that amount would be reflected on line 40(b) of Form D-20 or D-30. Additionally, if an extension to file a return (Form FR-128) is requested, the payment made with the extension to file a return shall also be reflected on line 40(a) of Form D-20 or D-30 on the separate final zero return. Both the "final" and "combined" bubble should be filled in on Form D-20 or D-30.

A QHTC will fill out all three bubbles: 1) final, 2) combined, and 3) QHTC on the appropriate final zero separate return. Entities filing the separate final zero return must also include their designated agent's name and FEIN in the space provided so that the estimated tax payments from line 40(b) and any payment with extension from line 40(a) can be transferred to the designated agent's account. The designated agent will not close out as a separate entity and will only fill the "combined" bubble on the appropriate return. All separate final zero returns and Form D-20 or D-30 along with the combined group schedules should be submitted together.

If the Designated Agent is an Unincorporated Business Entity

If the designated agent is an unincorporated business (UB) entity, the proposed combined reporting regulations provide that the combined group's taxable year is the taxable year of the designated agent. A UB return (Form D-30) of a calendar year taxpayer is due on April 17, 2012 or on the fifteenth day of the fourth month for a fiscal year taxpayer

(unless the date falls on holiday or a weekend in which case it is due on the following business day). Therefore, the Form D-30 along with the combined report (and accompanying schedules), where the UB is the designated agent, shall be due on April 17, 2012 or the fifteenth day of the fourth month (assuming no extension of time to file the return (FR-128) is requested), even if other members of the combined group include members whose returns would have been due on March 15, 2012 or on the fifteenth day of the third month. Similarly, if the designated agent is a corporation, the Form D-20 along with the combined report (and accompanying schedules) shall be due on March 15, 2012, or on the fifteenth day of the third month where no extension of time to file the return is requested.

Estimated Tax Payments that were made on a Separate Entity Basis

Estimated tax payments that were made on a separate entity basis for the tax year beginning after December 31, 2010 will be electronically transferred and posted to the designated agent's combined group's account when the separate final zero return is filed. Again, entities must include their designated agent's name and FEIN in the space provided so that the payments can be transferred to the designated agent's account.

Extension to File

For the transitional year only, each member of the combined group must file a separate extension of time to file a return (Form FR-128) and submit the payment made with the extension. The designated agent will also file an extension and submit the payment with extension but only for itself and not on behalf of the other group members. In the following tax year (after the transitional year), only the designated agent may file the extension on behalf of the entire combined group. Non-nexus combined group members are not required to file an extension.

Combined Reporting Schedules

Combined reporting schedules to be submitted with either the Form D-20 or D-30 (depending upon the designated agent) are expected to be posted on the OTR web page by March 14, 2012.

Regulations

The combined reporting proposed regulations are undergoing revisions and clarification pursuant to comments obtained during the comment period. The proposed regulations can be found at the following link located on the D.C. Register website:

<http://www.dcregs.dc.gov/Gateway/NoticeHome.aspx?NoticeID=1887346>