

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



September 5, 2018

**District of Columbia Tax Rates Changes Take Effect Monday, October 1**

(Washington, DC) – The District of Columbia Office of Tax and Revenue (OTR) reminds tax professionals, software providers, businesses, and others about tax rate changes that will take effect on Monday, October 1, 2018. The changes will apply as required by the Fiscal Year 2019 Budget Support Emergency Act of 2018 for the following tax types:

**Sales and Use Taxes**

***General sales:*** The general sales and use tax rate will increase from 5.75 percent to 6 percent.

***Off-premises alcohol:*** The rate for sales or charges from the sale of malt liquors, beers, and wine sold for consumption off the premises will increase from 10 percent to 10.25 percent.

***Rental of vehicles and utility trailers:*** The total rate of tax for sales or charges from the rental or leasing of rental vehicles and utility trailers will increase from 10 percent to 10.25 percent.

***Legitimate theaters and entertainment venues:*** The total rate of tax for the sale of or charges for any tickets to legitimate theaters and entertainment venues will increase from 5.75 percent to 6 percent.

***Baseball stadium-related sales:*** The total rate of tax for the sale of or charges for any tickets to baseball games or baseball-related events at Nationals Park and for baseball-related tangible personal property sold at Nationals Park will increase from 10 percent to 10.25 percent.

***Capital One Arena sales:*** The total rate of tax for the sale of or charges for any tickets sales to events at the Capital One Arena or for event-related tangible personal property sold at Capital One Arena will increase from 10 percent to 10.25 percent.

***Feminine hygiene products:*** The sale of feminine hygiene products is exempt from sales and use taxes.

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**Note:** The total rates for sales or charges for food or drink prepared for immediate consumption (10 percent) and for the service of parking or storing vehicles (18 percent) remain unchanged.

### Hotel/Transient Accommodations

The total rate of tax on gross receipts for the sale of or charges for any rooms, lodging or accommodations will increase from 14.8 percent to 14.95 percent.

**Note:** For bookings that were made and fully pre-paid before October 1, the 14.8 percent rate will still apply. The new rate of 14.95 percent applies to bookings made after October 1, that were not fully pre-paid for all room charges and applicable tax.

### Tobacco Taxes

**Cigarette Taxes:** The total tax levy for cigarettes will increase from \$2.94 to \$4.94 per pack of 20.

**Other Tobacco Taxes:** The tax rate on other tobacco products, which include vapor products, will increase from 60 percent to 96 percent of wholesale sales.

### Estate Taxes

**Filing requirement:** A District Estate Tax Return (Form D-76 or Form D-76EZ) must be filed for a decedent whose death occurs on or after January 1, 2018, if the decedent's gross estate is \$5,600,000 or more.

**Zero bracket amount:** The zero bracket amount (i.e., amount exempt from District estate tax) is increased to \$5,600,000 for a decedent whose death occur on or after January 1, 2018.

### Real Property Taxes

**The Senior/Disabled Assessment Cap Credit:** The senior/disabled assessment cap credit generally provides that a real property may not be taxed on more than a 5 percent increase in the property's taxable assessment each year. This credit does not reduce the assessed value of the property on the tax roll or the assessment notice, but it will appear as an automatic credit on the property owner's real property tax bill. The property must be receiving the homestead deduction *and* Senior or Disabled Owner Real Property Tax Relief for this credit to be applied.

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***Class 2 Commercial:*** The real property tax rates and special real property tax rates for taxable Class 2 Properties are:

- \$1.65 for each \$100 of assessed value if the real property's assessed value is not greater than \$5 million;
- \$1.77 for each \$100 of assessed value if the real property's assessed value is greater than \$5,000,000 but not greater than \$10 million; or
- \$1.89 for each \$100 of assessed value if the real property's assessed value is greater than \$10 million.

***Stormwater Management:*** Exempt property will not become taxable if any part is used to generate storm water retention credits certified in accordance with 21 DCMR § 531.

### **Motor Fuel Taxes**

***License Fee:*** The annual importer license fee is eliminated. (*Effective November 1, 2019*)

For additional information, visit [MyTax.DC.gov](http://MyTax.DC.gov) or call OTR's Customer Service Center at (202) 727-4TAX (4829).