

COUNCIL OF THE DISTRICT OF COLUMBIA

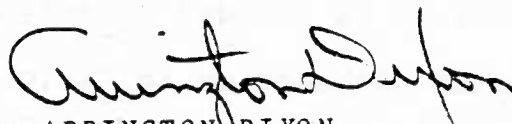
NOTICE

D.C. LAW 4-118

"District of Columbia Individuals, Estates, and Trusts Federal Conformity Tax Act of 1982".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 4-148 on first and second readings, March 9, 1982 and March 23, 1982, respectively. Following the Signature of the Mayor on April 23, 1982, this legislation was assigned Act No. 4-181, published in the April 30, 1982 edition of the D.C. Register, (Vol. 29 page 1770) and transmitted to Congress on April 27, 1982 for a 30-day review, in accordance with Section 602 (c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 4-118, effective June 11, 1982.


ARRINGTON DIXON
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

April 27, 28, 29, 30

May 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 24, 25, 26, 27

June 2, 3, 4, 7, 8, 9, 10

D.C. LAW 4 - 118

AN ACT

EFFECTIVE DATE JUN 11 1982

D.C. ACT 4 - 181

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

APR 23 1982

To amend the District of Columbia Income and Franchise Tax Act of 1947 to provide for greater conformity with Federal income tax laws in the reporting of income and deductions by individuals, estates, and trusts; for tax relief to low- and moderate-income taxpayers; and for other purposes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,
That this act may be cited as the "District of Columbia Individuals, Estates, and Trusts Federal Conformity Tax Act of 1982".

TITLE I

Sec. 101. Section 4 of Title I of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 332; D.C. Code, sec. 47-1801.4) is amended as follows:

CODIFICATION
D.C. Code,
sec. 47-1801.4
(1981 ed.)

(a) Subsection (q) (D.C. Code, sec. 47-1801.4(17)) is amended to read as follows:

"(q) The word 'resident' means every individual domiciled within the District at any time during the taxable year, and every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not such other individual is domiciled in

the District. The word 'resident' shall not include any elective officer of the Government of the United States or any employee on the staff of an elected official in the legislative branch of the Government of the United States if such employee is a bona fide resident of the state of residence of such elected officer, or any officer of the executive branch of such Government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States unless such officers or Justices are domiciled within the District at any time during the taxable year. In determining whether an individual is a 'resident', such individual's absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode."

(b) Subsection (t) (D.C. Code, sec. 47-1801.4(20)) is amended to read as follows:

"(t) The term 'head of household' shall have the same meaning as defined in section 2(b) of the Internal Revenue Code of 1954."

(c) Subsection (x) (D.C. Code, sec. 47-1801.4(24)) is amended to read as follows:

"(x) The term 'employee' shall apply only to

an individual having a place of abode or residing or domiciled within the District at the time the tax is required to be withheld in respect to the individual's employment by another, and to every other individual who maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether domiciled in the District or not. The term 'employee' shall include an officer of a corporation, but shall not include any elective officer of the Government of the United States or any officer or employee in the legislative branch of the Government of the United States whose compensation is paid by the Secretary of the Senate or Clerk of the House of Representatives, or any officer of the executive branch of such Government whose appointment to the office held by him was by the President of the United States and subject to confirmation by the Senate of the United States and whose tenure of office is at the pleasure of the President of the United States, or any Justice of the Supreme Court of the United States, unless such officers or Justices are domiciled within the District of Columbia at any time during the taxable year."

(d) By adding at the end thereof (D.C. Code, sec. 47-1801.4) new subsections to read as follows:

"(z) The term 'zero bracket amount' means

"(1) \$1,000 in the case of a return filed by a single individual, head of household, surviving

spouse or jointly by husband and wife; or

"(2) \$500 in the case of a married person filing separately; or

"(3) in the case of an individual who is a resident, as defined in subsection (q) of this section, for less than a full twelve-month taxable year, the amounts specified in paragraphs (1) and (2) of this subsection prorated by the number of months that such individual was a resident.

"(aa) The term 'surviving spouse' shall have the same meaning as defined in section 2(a) of the Internal Revenue Code of 1954.

"(bb) The term 'Internal Revenue Code of 1954' means the Internal Revenue Code of 1954, approved August 6, 1954 (68A Stat. 3; 26 U.S.C. sec. 1 et seq.) as heretofore amended, including the revisions made by the Economic Recovery Tax Act of 1981, approved August 13, 1981 (95 Stat. 1172).".

Sec. 102. The first paragraph of section 1 of Title II of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 334; D.C. Code, sec. 47-1802.1) is amended to read as follows:

D.C.Code,
sec. 47-1802.1
(1981 ed.)

"The following organizations shall be exempt from taxation under this section, except to the extent that such organizations have unrelated business income subject to tax under section 511 of the Internal

Revenue Code of 1954 and such unrelated business income shall be taxed in the same manner and to the same extent as the tax imposed by Titles VII and VIII."

Sec. 103. Section 2 of Title III of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 335; D.C. Code, sec. 47-1803.2) is amended to read as follows:

D.C.Code,
sec. 47-1803
(1981 ed.)

"(a) Gross Income. The words 'gross income' shall have the same meaning as defined in section 61 of the Internal Revenue Code of 1954. In addition to the items specifically included or excluded by reference to section 61(b) of the Internal Revenue Code of 1954, the following items shall also be included or excluded in the computation of District gross income:

"1. Interest upon the obligations of a state, territory of the United States, or any political subdivision thereof, but not including the District of Columbia, purchased after December 31, 1991, shall be included in the computation of District gross income.

"2. The following items shall be excluded in the computation of District gross income:

"(A) Interest and dividend income on obligations or securities of the United States, or its agencies or instrumentalities, to the extent that such income is included in Federal gross income: EXCEPT, That this exclusion shall not apply to corporations and financial institutions.

"(B) The amount of any income or gain included in the taxpayer's Federal gross income for the taxable year to the extent that it was included as income or gain in an income or franchise tax return filed by (i) the taxpayer with the District for any taxable year beginning prior to January 1, 1982, or (ii) an individual by reason of whose death the taxpayer acquired the right to receive the income or gain.

"(C) The amount of any trust distribution to the taxpayer included in his Federal gross income for the taxable year to the extent that such amount was previously taxed to the trust by the District.

"(D) The distributive share of a trade or business net income that is subject to the unincorporated business franchise tax imposed under Title VIII.

"(E) Any state or local income tax refund included in Federal gross income.

"(F) Income received or, in the case of a taxpayer reporting on an accrual basis, income accrued when the taxpayer was not a resident of the District.

"(G) Income of any kind to the extent required by any treaty obligation of the United States, including reciprocal agreements between the United

States and other countries relating to the taxability of their respective airlines and ships under foreign flag owned by foreign corporations.

"(b) Adjusted Gross Income. The words 'adjusted gross income' as used in this article mean:

"(1) In the case of an individual, estate, or trust, the same meaning as defined in section 62 of the Internal Revenue Code of 1954; and

"(2) In the case of an individual, estate, or trust not required to file a District return for a complete calendar or fiscal year, gross income reported under section 2(a) of this title, less deductions allowed under section 62 of the Internal Revenue Code of 1954, which were paid or accrued during the period covered by the District return."

Sec. 104. Section 3 of Title III of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 337; D.C. Code, sec. 47-1803.3) is amended as follows:

D.C.Code,
sec. 47-180
(1981 ed.)

(a) Subsection (a) (D.C. Code, sec. 47-1803.3(a)) is amended as follows:

(1) by adding after the phrase "computing net income" the phrase "of corporations, financial institutions, unincorporated businesses and partnerships";

(2) by amending paragraphs (2) and (3) to read as follows:

"(2) Interest. - All interest paid or accrued within the taxable year on indebtedness which is deductible under the provisions of section 163 of the Internal Revenue Code of 1954, as limited by section 189 of the Internal Revenue Code of 1954.

"(3) Taxes. - All taxes paid or accrued during the taxable year which are deductible under the provisions of section 164 of the Internal Revenue Code of 1954, as limited by section 189 of the Internal Revenue Code of 1954: PROVIDED, HOWEVER, That no deduction shall be allowed for:

"(i) income taxes; or

"(ii) franchise taxes imposed by this article.";

(3) by striking paragraphs (9), (12), and (18);

(4) by redesignating paragraph (13) as subsection (c) of section 3 and amending it to read as follows:

"(c) Zero Bracket Amount. Every individual is entitled to claim the applicable zero bracket amount specified in subsection (z) of section 4 of title I: PROVIDED, That in lieu of claiming the applicable zero bracket amount, an individual may elect to itemize the deductions permissible under this article: PROVIDED, FURTHER, That in the case of separate returns filed by husband and wife, the applicable zero bracket amount

shall be allowed to neither if the net income of one of the spouses is determined by itemizing deductions.";
and

(5) by redesignating paragraphs (11), (14), (15), (16), and (17) as paragraphs (9), (10), (11), (12), and (13), respectively.

(b) Subsection (b) (D.C. Code, sec. 47-1803.3(b)) is redesignated as subsection (d) of section 3, and the following new subsection (b) is added immediately after subsection (a) of section 3:

"(b) In the case of an individual, estate, or trust, deductions allowed under this section shall be the same as the deductions allowed by the Internal Revenue Code of 1954 on Federal individual or fiduciary income tax returns: PROVIDED, HOWEVER, That no deduction may be allowed for the following:

"(1) Income taxes;

"(2) Franchise taxes imposed by this article;

"(3) Carryovers of charitable contributions made prior to January 1, 1982, and included as deductions for Federal income tax purposes;

"(4) Two-earner married couples under section 221 of the Internal Revenue Code of 1954."

Sec. 105. Title IV of the District of Columbia Income and Franchise Tax Act of 1947, approved July 16, 1947 (61 Stat. 339; D.C. Code, sec. 47-1804.1) is