



Multistate Tax
EXTERNAL ALERT

DC FY 2015 Budget Enacted February 26, 2015

March 2, 2015

On February 26, 2015, the District of Columbia (“District”) Fiscal Year 2015 Budget Support Act of 2014 (“Budget Support Act”) became permanent law,¹ making various changes to District tax law, including:

- A phased-in reduction of the Unincorporated and Incorporated Business Franchise Tax rates
- The use of single sales factor apportionment for all business income
- A revision to the sourcing rules for sales apportionment purposes
- The exemption of certain investment fund income from the Unincorporated Business Franchise Tax
- The addition of a new personal income tax bracket and a reduction of personal income tax rates for certain taxpayers

The above income tax law changes may affect entities’ financial statements in the interim period that includes the permanent law enactment date of February 26, 2015.

Contacts

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¹ D.C. Act 20-0424 (B20-0750); Law Number L20-0155. See District of Columbia Legislative Information Management System at: <http://lms.dccouncil.us/Legislation/B20-0750?FromSearchResults=true>. See also our [Tax Alert dated December 5, 2014](#), which outlined the process by which permanent legislation becomes law in the District and summarized the Budget Support Act.