

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



2010 Sales Tax Law Changes

OTR TAX NOTICE 2010-07

August 12, 2010

Sales Tax on Soft Drinks

Effective October 1, 2010, sellers shall collect a sales tax of six percent on retail sales of soft drinks. The rate of tax currently charged on soft drinks sold for immediate consumption remains at 10 percent.

A soft drink is defined as any non-alcoholic beverage with natural or artificial sweeteners:

- That does not contain milk or milk products, soy, rice or similar milk substitutes, fruit or vegetable juice (unless the beverage is carbonated), or coffee, coffee substitutes, cocoa, or tea; or
- That is not prepared for immediate consumption.

There are no special reporting requirements for sales taxes on soft drinks. They are to be reported with other sales subject to the six percent tax.

Prepaid Wireless Telecommunication Charge

Effective October 1, 2010, sellers shall collect from consumers an additional charge of two percent of the sales price of prepaid wireless telecommunication services. This charge will be in addition to the 10 percent sales tax already being charged on telecommunication retail transactions and must be separately stated on the invoice, receipt or other similar document given to the consumer.

The two percent charge applies to prepaid wireless services if that service allows a caller to dial 911. The charge applies to wireless telecommunication services whether they are provided on a card, via remote sales such as internet or telephone purchases, or by other means such as an authorization code on a receipt.

Exemptions

The charge does not apply to:

- Wireless telecommunication services which are purchased for purposes of being resold; or
- An amount of service of 10 minutes or less, or valued at \$5 or less when the service is sold with a prepaid wireless device for a single, non-itemized price.

Procedures for Remitting Collected Funds

The seller is required to remit the prepaid wireless 911 charges collected to the Office of Tax and Revenue. A line for the amount collected will be added to Form 800 series sales tax returns. The seller is entitled to retain three percent of the total prepaid wireless 911 charges collected as a collection fee.

While the additional 2 percent charge will apply as of October 1, 2010, sales tax returns are not being modified to accommodate the 911 charge until returns due on or after January 20, 2011. The first due date for submitting the collected fees will be:

- **For annual filers, January 20, 2011;** This will include the sales tax collected for the preceding year and the 911 charges collected between October 1, 2010 and December 31, 2010;
- **For quarterly filers, April 20, 2011;** This will include the sales tax collected for the quarter ending March 31, 2011 and the 911 charges collected between October 1, 2010 and March 31, 2011;
- **For monthly filers, February 20, 2011;** This will include the sales tax collected for the month ending January 31, 2011 and the 911 charges collected between October 1, 2010 and January 31, 2011.

Subsequent sales tax returns will include the 911 charges collected for the specific return period -- monthly, quarterly or yearly. For example, the monthly sales tax filers for February, 2011, will include the 911 fees collected between February 1, 2011 and February 28, 2011.

For additional information about the sales tax on soft drinks and the prepaid wireless telecommunication charge, please contact OTR's Customer Service Center at (202) 727-4TAX (4829).

District of Columbia Tax Amnesty

The District of Columbia is offering a tax amnesty through September 30, 2010. During this amnesty period, individuals and businesses with unpaid DC tax obligations are eligible to receive an abatement of penalties and fees due without fear of criminal prosecution.

To learn more about the program, visit www.dctaxamnesty.com.

