

DC Tech Incentives



The District of Columbia offers incentives to reduce the cost of doing business for high-tech companies. To qualify for incentives, businesses must be located in the District, employ at least two individuals, and derive a majority of revenue from qualifying high technology activities.

Thrive in DC

- 0% corporate income tax rate for five years and a reduction in the corporate income tax rate from 9.975% to 6% for the life of a company
- Exemption from sales tax on purchase of hardware and software

Grow in DC

- Wage reimbursements of up to \$10,000 for each new hire—or up to \$30,000 for newly hired veterans
- Ten-year exemption of qualified personal property taxes
- Training tax credits of up to \$20,000 for newly hired veterans—up to \$10,000 may be refunded
- Exemption from sales tax charged for retail sales and service provided by qualified company

Move to DC

- Relocation reimbursements of up to \$5,000 for each employee relocated to the District or \$7,500 if the employee also relocates his or her principle residence to the District
- Five-year freeze on assessed value of real property (no increase in real property tax)

Qualified High Technology Companies (QHTC)

A mid-size technology company can save nearly \$300,000 each year

	Taxes without DC Tech Incentives	Taxes with DC Tech Incentives	Savings
Corporate Income Tax	\$124,685	\$0	\$124,685
Sales Tax	\$100,625	\$0	\$100,625
Personal Property Tax	\$50,575	\$0	\$50,575
Real Property Tax Increase	\$13,165	\$0	\$13,165
New Hire Wage Credit	-	\$(100,000)	\$100,000
Employee Relocation Credit	-	\$(150,000)	\$150,000
Total	\$289,050	\$(250,000)	\$539,050
		Available in Yr. 1	\$289,050
		Carry forward-unused credits*	\$250,000

* Relocation and new hire wage credits carry forward for 10 years

Savings are based on a technology business with:

- Revenues of \$12.5 million; taxable income of \$1.25 million
- 20 new hires and 20 people relocated to work and live in DC
- Furniture and equipment valued at \$5 million, with \$1.25 million of new hardware purchases
- Renovation of leased space costing \$625,000 (with increase in property value)

