

PUBLICATION

Spotlight on District of Columbia: D.C. Enacts Mandatory Unitary Combined Reporting

July 29, 2011

As we addressed in our July 19, 2011 Alert, Mayor Gray of the District of Columbia has signed the legislation comprising the "Fiscal Year 2012 Budget Support Act of 2011." That Act includes legislation requiring related groups of corporations engaged in a "unitary business," as defined by the new Act, to file and report taxable income to D.C. using the unitary combined reporting method. This fundamental change in D.C.'s corporation franchise tax will have wide-ranging effects on C corporations, S corporations, flow-through entities and their corporate owners, doing business in the District. The new Act is effective for taxable years that began on or after December 31, 2010.

Unfortunately, the Act does not address an entire range of technical issues and questions. You can read our comments regarding those issues and questions in our [July 19, 2011 Alert](#).

The Act must complete a 30-day Congressional review period in which a "day" is counted only when the U.S. House of Representatives and U.S. Senate are in session. We estimate this period will end on or about October 1, 2011.

If you are interested in how this District of Columbia corporate income tax development may affect your company or affiliates, please contact an attorney in the Firm's Tax Department.