



DC TECH INCENTIVES

The **Qualified High Technology Companies (QHTC)** offers one of the most attractive incentive packages for high-tech businesses in the country. The incentive reduces the cost of doing business by providing certain credits, exemptions and other benefits for technology businesses.

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 a 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)

ELIGIBILITY

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.

QUALIFIED HIGH TECHNOLOGY COMPANIES (QHTC)

A mid-sized 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 Year 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)

