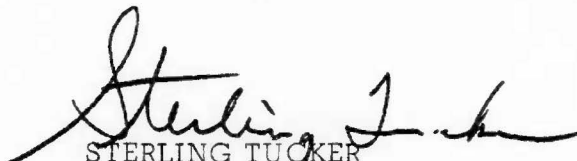


COUNCIL OF THE DISTRICT OF COLUMBIA

NOTICE

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, PL 93-198, (the Act) the Council of the District of Columbia adopted Bill No. 1-188 on first and second readings October 7, 1975, and October 21, 1975, respectively. Following the signature of the Mayor on November 5, 1975, this legislation was assigned Act No. 1-62, published in the November 13, 1975, edition of the D. C. Register, and transmitted to both Houses of Congress for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional review period has expired and, therefore, cites the following legislation as D. C. Law No. 1-44, effective February 3, 1976.


STERLING TUCKER
Chairman of the Council

D. C. Law 1-44

In the Council of the District of Columbia

February 3, 1976

The second amendment of 1975 to the District of Columbia Income and Franchise Tax Act of 1947 as it affects unincorporated businesses.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the "Amended Unincorporated Business Franchise Tax Revision Act of 1975".

Sec. 2. The District of Columbia Unincorporated Business Franchise Tax Revision act of 1975 (C.a. 1-43) is hereby repealed.

Sec. 3. Section 3(a)(15) of the Title III of the District of Columbia Income and Franchise Tax Act of 1947 (D. C. Code, sec. 47-1557b(a)(15)) is amended to read as follows:

"(15) Reasonable Allowances for Salaries.-- A reasonable allowance for salaries or other compensation for personal services actually rendered, except that -

"(A) in the case of an unincorporated business

"(i) which by law, custom, or ethics cannot be incorporated

"(ii) which can be incorporated only under the District of Columbia Professional Corporation Act (D. C. Code, sec. 29-1101 et seq.);or

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"(iii) in which more than 80 percent of the income is derived from the personal services actually rendered by the individual owners or members of the partnership or other entity and in which capital is not a material income-producing factor,

the aggregate deduction for services rendered by the individual owners or members actively engaged in the conduct of such an unincorporated business shall in no event exceed 70 percent of the net income of such unincorporated business computed without benefit of this deduction; and

"(B) in the case of all other unincorporated businesses to which paragraph (A) does not apply, the aggregate deduction for services rendered by the individual owners or members actively engaged in the conduct of the unincorporated business shall in no event exceed 30 percent of the net income of such unincorporated business computed without benefit of this deduction."

Nothing contained in paragraphs (A) or (B) shall be construed to exempt any salary or other compensation for personal services from taxation as a part of the taxable income of the person receiving such salary or other compensation."

Sec. 4. Section 4 of Title VIII of the District of Columbia Income and Franchise Tax Act of 1947 (D.C. Code, sec. 47-1574c) is amended to read as follows:

"Sec. 4. Exemption. -- Before computing the tax on the taxable income of-

"(a) an unincorporated business-

"(1) which by law, custom or ethic cannot be incorporated;

"(2) which can be incorporated only under the District of Columbia Professional Corporation Act (D.C. Code, sec. 29-1101 et seq.); or

"(3) in which more than 80 percent of the gross income is derived from the personal services actually rendered by the individual owners or members of the partnership or other entity and in which capital is not a material income-producing factor,

there shall be deducted therefrom an exemption of \$2500, except that where the period covered by any return is for less than a year, or where a return shows that an unincorporated business has been engaged in for less than twelve months, such exemption shall be prorated on a daily basis; and

"(b) all other unincorporated businesses to which paragraph (a) does not apply, there shall be deducted therefrom an exemption of \$5000, except where the period covered by any return is for less than a year, or where

the return shows that the unincorporated business has been engaged in for less than twelve months, such exemption shall be prorated on a daily basis.

Any amount exempted under the provisions of this section from the tax imposed by section 3 of this Title shall be reported and included in the gross income of that person or those persons entitled to a share therein in proportion to the share to which each person is entitled, and shall be reported in the return of each such person for his taxable year in which is ended the taxable year of the unincorporated business."

Sec. 5. The amendments made by this act shall apply with respect to taxable years beginning on or after January 1, 1975.

Considered in Council 10-7-75

First vote 10-7-75

RECORD OF COUNCIL VOTE

COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	
TUCKER	X					DIXON	X					SPAULDING	X					
MOORE, D.		X				HARDY	X					WILSON	X					
BARRY	X					HOBSON		X				WINTER	X					
CLARKE		X				MOORE, I.	X											
GOATES	X					SHACKLETON	X											

X—Indicates Vote P. R.—Present A. B.—Absent R. A.—Readopted

Robert Williams
(Secretary of the Council)

Final vote in Council 10-21-75

RECORD OF COUNCIL VOTE

COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	
TUCKER	X					DIXON	X					SPAULDING	X					
MOORE, D.				X		HARDY	X					WILSON	X					
BARRY	X					HOBSON	X					WINTER	X					
CLARKE	X					MOORE, I.	X											
COATES	X					SHACKLETON	X											

X—Indicates Vote P. R.—Present A. B.—Absent R. A.—Readopted

Robert Williams
(Secretary of the Council)

Presented to the Mayor 807 24 1975

Mayor's action
approve: 5 NOV 1975
disapprove: _____

Robert Williams
(Secretary of the Council)

Walter McWhorter
(Mayor's Signature) 5 NOV 1975

Enacted without Mayor's signature _____

(Secretary of the Council)

Reconsidered by Council _____ Vote _____

RECORD OF COUNCIL VOTE																		
COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	COUNCIL MEMBER	YES	NO	P. R.	A. B.	R. A.	
TUCKER						DIXON						SPAULDING						
MOORE, D.						HARDY						WILSON						
BARRY						HOBSON						WINTER						
CLARKE						MOORE, J.												
COATES						SHACKLTON												

X—Indicates Vote P. R.—Present A. B.—Absent R. A.—Readopted

 (Secretary of the Council)

Presented to the President _____

 (Secretary of the Council)

Sustain Mayor's veto _____

Not Sustain Mayor's veto _____

 (President of the U.S.)

Submitted to the Congress _____

 (Secretary of the Council)

Senate action _____
 resolution number _____

House action _____
 resolution number _____

 (Secretary of the Senate)

 (Clerk of the House)

Enacted without Congressional action _____

 (Secretary of the Council)