

## Sales/Use/Indirect:

### District of Columbia Attorney General Announces Settlement with Online Product Delivery Company for Back Taxes

*Newsroom Release: Settlement Requires Payment of \$6 Million For Soliciting Tips That Did Not Go to Delivery Drivers & Failing to Pay Sales Tax, D.C. Office of the Attorney General (11/17/22).* District of Columbia (District) Attorney General Karl A. Racine announced that an online product delivery company must pay millions of dollars to resolve allegations that it failed to i) ensure delivery drivers received tips left by consumers, and ii) pay required sales and use taxes on underlying charged service fees and delivery fees, as well as taxes owed under the District's marketplace facilitator laws that first took effect on April 1, 2019. Under the settlement (a copy of which is posted online), the company "correctly acknowledges that it has a legal obligation to collect and remit these taxes and has agreed to do so going forward." The settlement agreement notes that the District had alleged that the company engaged in certain unlawful trade practices in violation of the District's Consumer Protection Procedures Act, as well as knowingly avoided its obligations to pay certain applicable District sales and use taxes in violation of the District's False Claims Act. Please contact us with any related questions.

**URL:** <https://oag.dc.gov/release/ag-racine-announces-settlement-drizly-requires>

**URL:** <https://oag.dc.gov/sites/default/files/2022-11/Drizly-Settlement-1-.pdf>

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