



**Delaware
Division of Revenue
2015 - 2016 Updates**

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Delaware Division of Revenue



DOR Major Areas of Attention

- Nexus Issues (Physical vs Economic)
 - Wholesale Transaction
 - Destination (physically delivered in Delaware)
 - Sale for resale
 - Businesses subject to Delaware Licensing / Gross Receipts

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DOR Major Areas of Attention

- Retail Transaction
- Title passage or possession
- Ultimate consumer
- Businesses not subject to Delaware Licensing / Gross Receipts

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DOR Audit Issues

- Regardless of FOB
- Licensed wholesalers shipping TPP into Delaware via CCC
- Regardless of who arranged, paid, etc. for CCC

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PL 86-272

- Delaware corporations claiming public law protection. (Not in state of incorporation)
- Being incorporated in Delaware does not in and of itself create nexus for income tax purposes. (Exempt by Delaware statute)
- Minimum contacts test.
- Exemption is for income tax and does not include gross receipts taxes.

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Personal Income Tax Issues

- Nexus based on convenience of the Employer.....NOT the Employee
- Non-Resident – Sourcing days worked outside of Delaware (Schedule W)-----
Not a Convenience State
- Protests – Delaware accepts IRS Form 2848 (POA)

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Partnership Update

- PARTNERSHIP E-FILE.....IS ALMOST HERE!!!
- Increased Audit Focus

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Other Areas Of Interest

- Single Factor Apportionment (from 3 factor)
- Deletion of Schedule 2 – Allocation
- Market Based Sourcing – CIT/GRT
- Sales Tax.....What!!!
- Driver Privilege cards
- VDA Program

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Veterans Opportunity Tax Credit

The purpose of this Act is to provide Delaware's employers with an incentive to hire veterans who have served in overseas conflicts since 2001. Upon their return home, these veterans face a difficult job market and have experienced relatively high rates of unemployment.

- Employers that hire veterans or National Guard members who have served in recent overseas conflicts are eligible for a tax credit.
- Credit = to 10% of wages, up to max of \$1,500
- Credit can be taken for the EE's 1st 3 years on the job.
- It's a "refundable credit"!!!!
- Submit Application for Approval, File Credit on Tax Return via DE Form 700

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Software Sales

- “Canned” vs. “Specialty”
- TPP vs. Service
- Physically Delivered into Delaware
or
Transmitted Over the Internet
- Leased or Sold

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Questions ???

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