

STATE OF DELAWARE
DEPARTMENT OF FINANCE

DIVISION OF REVENUE
REVENUE REVISION 75-1

April 9, 1975

A. Legislative Revision:

Chapter 21, Chapter 23, Chapter 25, Chapter 27 and Chapter 29, Title 30, Delaware Code, relating to revision of business and occupational license requirements and taxes on gross receipts.

B. Citation:

House Bills No. 219, No. 220, No. 221, No. 222 and No. 224, 128th General Assembly, First Session, approved by the Governor on March 27, 1975. Chaps. 21-25, Vol. 60, Laws of Delaware.

C. Explanation:

(1) License year and basic annual license fee

The law is amended to change the license year with respect to occupational licenses (Chapter 23, Title 30), Contractors (Chapter 25, Title 30), Manufacturers (Chapter 27, Title 30), Wholesalers and Retailers (Chapter 29, Title 30) from a fiscal year ending June 30th to a calendar year ending December 31. Also, the basic annual license fee in the case of Contractors, Manufacturers, Wholesalers and Retailers is increased from \$30 to \$50 per year. With respect to Retailers, only one basic \$50 license is required for each business or enterprise, plus a fee of \$10 for each separate branch or business location.

Effective July 1, 1975, license renewals or new licenses will be issued for a six month period ending December 31, 1975, at a rate equal to one-half the annual fee (\$25 except for certain occupations). On January 1, 1976, license renewals will be issued for the full calendar year ending December 31, 1976, at the full rate.

(2) Monthly returns on gross receipts

The law is amended effective April 1, 1975, with respect to Contractors, Manufacturers, Wholesalers and Retailers to require that returns reporting gross receipts and the applicable tax be filed on a monthly basis (instead of quarterly). Such returns for each month are due on or before the 20th day of the following month. The return for the month of April, 1975

will be due May 20, 1975. (H. B. 219).

(3) Manufacturers (Chapter 27) and Wholesalers (Chapter 29)

In addition to the change in the basic license fee and the requirement for filing monthly returns, the law is amended to increase the tax on gross receipts from two-tenths of one percent to three-tenths of one percent. (H. B. 220 and H. B. 224).

(4) Food Processors, Grain and Feed Dealers and Farm Machinery Retailers (Chapter 29, Title 30)

In addition to the change in the basic license fee and the requirement for filing monthly returns, the law is amended to increase the tax on gross receipts of food processors from one-tenth of one percent to three-twentieths of one percent, and to increase the tax on gross receipts of grain and feed dealers and farm machinery retailers from one-twentieth of one percent to one-fifteenth of one percent. (H. B. 221).

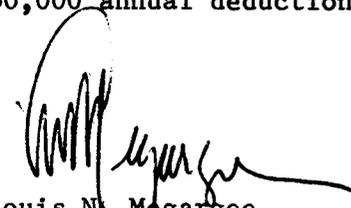
(5) Retailers (Chapter 29, Title 30)

In addition to the change in the basic license fee and the requirement for filing monthly returns, the law is amended by eliminating "aggregate purchases" as the base for imposing the tax and by substituting "aggregate gross receipts" as the taxable base. Further, the rate of tax is changed from eight-tenths of one percent of purchases to fifty-five one hundredths of one percent of gross receipts. In computing the taxable gross receipts there is allowed a deduction (exclusion) of \$10,000 for each month, in lieu of the \$20,000 per quarter deduction allowed under prior law.

Moreover, in the transition to a gross receipts tax base, each retailer will be allowed a credit for amounts representing purchases made prior to April 1, 1975, on which tax was paid, but which items are sold after March 31, 1975, and included in gross receipts subject to tax under the new law (H. B. 222).

(6) Restaurant Retailers (Chapter 29, Title 30)

In addition to the change in the basic license fee and the requirement for filing monthly returns, the law is amended to increase the tax on gross receipts of restaurant retailers from one-tenth of one percent to five-tenths of one percent. In computing the amount of taxable receipts there is allowed a deduction (exclusion) of \$5,000 for each month, in lieu of \$50,000 annual deduction allowed under prior law. (H. B. 222).


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