

STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
601 DELAWARE AVENUE  
WILMINGTON, DELAWARE 19899

TAX NEWSGRAM 72-11

January 17, 1972

CONTRACTOR'S LICENSE

- Makes certain changes in the Contractor's License law.

House Bill 456, First Session, 126th General Assembly as approved by Governor Peterson July 3, 1971 makes certain changes to Section 2502 (a) and (b) of Title 30 Delaware Code.

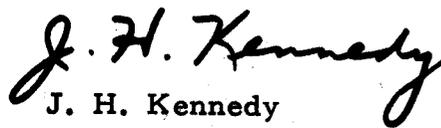
The bill makes mandatory that Contractors show proof of license compliance prior to or in conjunction with the award of a contract. It also requires nonresident contractors to pay additional \$30 license fees for all contracts in excess of \$1,000.

The bill applies to license years beginning with July 1, 1971. It requires that Contractors must have the basic license and prove same at the time of award of the contract.

Under the law in effect prior to July 1, 1971 the nonresident contractor was required to obtain an additional license and pay the \$30 fee for all new contracts or jobs. Under the law in effect beginning July 1, 1971 one license fee would cover all contracts of less than \$1,000. The nonresident contractor is still required to pay the additional license fee for all contracts in excess of \$1,000. If for example he has one contract for over \$1,000 and 5 different contracts each under \$1,000 he would be required to pay two license fees of \$30. He is still required to pay 1/2 of 1% on all his gross receipts in Delaware.

Nonresident contractors will be required to substantiate when he has two or more contracts under \$1,000 that they were not in fact one contract.

The law provides relief to the nonresident contractor who has obtained small contracts within the State. The requirement that he show proof of license compliance prior to or in conjunction with award of the contract insures that the Division of Revenue will collect the tax due on gross receipts.

  
J. H. Kennedy  
Director of Revenue

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