

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

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Federal Income taxes on line 8 of the return should be subtracted as a modification to determine Delaware Adjusted Gross Income (line 5 of the return). This will affect the Net Taxable income of taxpayers for the following reasons:

(1) Standard Deduction

To those taxpayers who are limited to 10% of Delaware Adjusted Gross Income there will be a reduction of the standard deduction.

(2) Contributions

To those taxpayers who have contributions in excess of 20% of modified Delaware Income the excess will be increased by the above adjustment.

EXAMPLES

Taxpayers using the form on a line by line basis has Delaware Adjusted Gross Income of \$5,000 and Federal Taxes Paid (line 8) of \$300. The correct amount of the standard deduction would be \$470 instead of \$500.

Taxpayer filing separate returns with Delaware Adjusted Gross Income of \$5,300 or more using the standard deduction there would be no change in Net Taxable income (line 10) of the return. The same would be true of a single taxpayer or married taxpayers filing joint returns with Delaware Adjusted Gross Income of \$10,300 for a single taxpayer and \$10,600 for married taxpayers filing joint returns.


J. H. Kennedy
Director of Revenue

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