

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

TAX NEWSGRAM 72-50

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PERSONAL INCOME TAX

- Political Campaign Contributions

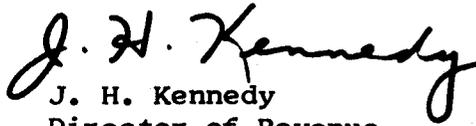
P. L. 92-178, 92nd Congress, added two new sections to the federal Internal Revenue Code relating to political contributions. Section 41, IRC, allows an individual a credit against his income tax liability for one-half of his political contributions (to candidates for public office or to political campaign committees) made during a taxable year, limited to a maximum credit of \$25.00 in the case of a joint return, and a maximum credit of \$12.50 in the case of a separate return of a married person or a single person.

Section 218, IRC, provides that in lieu of the credit allowed by Section 41, an individual taxpayer who itemizes his deductions may deduct from adjusted gross income the amount of political contributions made during the taxable year limited to a maximum deduction of \$100.00 in the case of a joint return, or \$50.00 in the case of a separate return of a married person or a single person. These provisions for a credit or a deduction apply only to political contributions made by individuals after December 31, 1971. The deduction or credit is disallowed to estates and trusts.

A question has been raised as to the effect of these new federal provisions on the Delaware Personal Income Tax.

If a taxpayer claims a deduction for political contributions under Section 218 on his federal return, he can receive the benefit of such deduction on his Delaware return. The reason for this is that the itemized deductions claimed on his federal return are allowable in computing Delaware taxable income.

On the other hand, if the taxpayer elects to claim a credit against his federal tax liability under Section 41, IRC, for his political contributions, he will not receive any tax benefit on his Delaware return. The reason for this is that where the credit is claimed, the amount will not be included in his itemized deductions, and there is no provision in Delaware Law to allow a credit against tax for political contributions.


J. H. Kennedy
Director of Revenue

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