

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

TAX NEWSGRAM 72-52

August 8, 1972

CORPORATE INCOME TAX

- Neighborhood Assistance Tax Deduction

Senate Bill No. 577, 126th General Assembly, approved by the Governor on July 5, 1972, amended Chapter 20, Title 30, Delaware Code, relating to the Neighborhood Assistance Act. Under the provisions of Chapter 20 prior to this amendment, a business firm could receive a credit against its Delaware Corporate Income Tax for contributions to a qualifying neighborhood organization engaged in certain specified programs or activities, if approved in advance by the Division of Social Services and the Tax Appeal Board. The tax credit was limited to 5% of the annual corporate tax paid by the business firm, or \$50,000, whichever was less.

Senate Bill No. 577, effective July 1, 1972, amended Section 2005, Chapter 20 to allow the qualifying contributions (if approved by the Division of Social Services and the Tax Appeal Board) as an additional deduction to the corporation in computing its Delaware taxable income, instead of a credit against its tax. The limitation was retained so that such deduction is limited to 5% of the annual corporate tax paid or \$50,000, whichever is less. In addition, Section 2006 was amended so as to limit any unused deduction carryover to 5 years. Finally, Section 2007 relating to the discretionary credit was deleted from the statute.

Applications which were submitted and approved by the Division of Social Services and the Tax Appeal Board prior to July 1, 1972, are eligible for the allowance of the tax credit as provided by prior law. Those applications submitted or approved after June 30, 1972, shall only be eligible for the deduction provided by this amendment.

  
J. H. Kennedy  
Director of Revenue

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