

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

TAX NEWSGRAM 72-54

November 9, 1972

CORPORATION INCOME TAX

- Dividends Received Deduction

A question has been raised as to whether the dividends received deduction claimed on Line 29, Federal Form 1120, for Federal tax purposes is required to be added back in computing Delaware taxable income for purposes of the Delaware Corporation income tax.

Under Section 1903 (a) the starting point for computing Delaware taxable income (Line 1 of State return) is "Federal taxable income" which, in turn, is the amount reported on Line 30, of Federal Form 1120, for Federal tax purposes. Hence, the dividends received deduction claimed on Line 29, Federal Form 1120 is, in effect, allowed as a deduction in determining Delaware taxable income. The law does not require that the dividends received deduction be disallowed in computing Delaware taxable income and accordingly, no such modification or adjustment is required.



J. H. Kennedy
Director of Revenue

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