



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
601 Delaware Avenue
Wilmington, Delaware 19899

TAX NEWSGRAM 75-9

May 8, 1975

- Occupational License Tax - Chapter 23, Title 30, Delaware Code.

A. Computation of "Gross Receipts"

Effective April 1, 1975, in addition to the license fee required under Section 2301 (a) and (b), Section 2301 (d), 30 Delaware Code, imposes a tax of 3/10 of 1% on the "aggregate gross receipts" of each such licensee unless specifically exempted therefrom.

Section 2301 (e) defines "gross receipts" for this purpose as "total consideration received by a licensee for goods sold, services rendered or other income producing transaction within this State."

Accordingly, income or fees which are attributable to services rendered outside Delaware (or to transactions occurring outside Delaware) may be excluded from gross receipts in computing the tax due under Section 2301 (d).

B. General Service License (Section 2301 (b))

Section 2301 (b) provides that every person engaging in any service industry, business, calling or profession, not otherwise specifically licensed and taxed under Section 2301 (a), shall be required to obtain a general service license and pay an annual fee of \$50.00.

In addition, such licensees are also subject to the tax imposed by Section 2301 (d) of 3/10 of 1% on their aggregate gross receipts, unless specifically exempted therefrom.

The "gross receipts" of general service licensees whose income is derived from commissions or fees (e.g., mortgage service companies), will consist of such commissions and fees earned during the license period.

C. Exemptions

(1) Employees - Persons required to be licensed under Section 2301 (a) who are "employees" within the meaning of the Federal Insurance Contribution Act (FICA) are exempt from the additional tax on gross receipts imposed under Section 2301 (d). For example, employees



of a private corporation.

(2) The following occupations requiring licenses under Section 2301 (a) are exempt from the additional gross receipts tax imposed under Section 2301 (d):

- Section 2301 (a) (21) - Circus Exhibitor, \$500
(a) (28) - Finance or Small Loan Agency, \$300
(a) (32) - Hotel, \$15 for each room and \$20 for each suite
(a) (42) - Motel, \$15 for each room
(a) (49) - Outdoor Musical Festival Promotor, \$500
(a) (50) - Parking Lot or Garage Operator, \$50
* for the first lot or facility and \$25 for each additional facility
(a) (66) - Real Estate Salesman, \$50
(a) (67) - Sales Representative, \$50
(a) (71) - Showman, \$250
(a) (72) - Taxicab or Bus Operator, \$30 for the first motor vehicle, \$20 for each additional vehicle
(a) (77) - Tourist Home, \$10 for each room
(a) (78) - Trailer Park, \$7 for each space
(a) (81) - Travel Agency, \$150
** (79) - TRANSPORTATION AGENT
- (3) Banks, Holding Companies, - Insurance Companies, etc.

* DELETED BY
TAX RULING 77-4

** ADDED BY 77-4

The following are exempt from both the requirements of Section 2301 (b) (general service license) and Section 2301 (d) (tax of 3/10 of 1% on gross receipts):

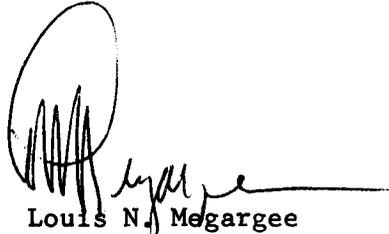
- (a) Banks, Holding Companies and Insurance Companies (including general agents, agents, brokers and employees licensed under Title 18, Delaware Code).
- (b) Pension Plans and Profit Sharing Plans
- (c) Public Utilities defined in Chapter 1, Title 26, or Chapter 15, Title 2, and Public Utility Holding Companies.

(d) Savings and Loan Associations, or Building and Loan Associations licensed under Chapter 17, Title 5, Delaware Code, and similar or related financial institutions licensed under other provisions of Delaware Law or Federal Law.

(e) Non-Profit Organizations which are exempt from Federal income taxation under Section 501 of the Internal Revenue Code.

D. Returns

The tax on gross receipts imposed by Section 2301 (d), Title 30, Delaware Code, must be reported and paid quarterly on or before the 20th day of the month following the close of the quarter ending March 31, June 30, September 30 and December 31, covering the gross receipts for the preceding quarter. The first return under the new law will be due on July 20, 1975, and will cover the gross receipts for the quarter ending June 30, 1975. New forms will be issued and distributed by the Division of Revenue about June 1, 1975.



Louis N. Megargee
Director of Revenue

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