



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
601 Delaware Avenue
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TAX NEWSGRAM 75-18

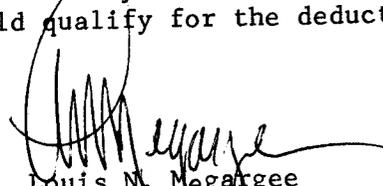
September 4, 1975

- Personal Income Tax
- Deduction for Pension Income

House Bill No. 47 (Chapter 269, Volume 60, Delaware Laws), added a new modification to subsection (b), Section 1106, Title 30, Delaware Code, relating to deductions from Federal Adjusted Gross Income. Under paragraph (3), Section 1106 (b), as amended, a resident taxpayer is allowed a deduction from Federal Adjusted Gross Income for "amounts received as pensions from employers, the United States, the State or any subdivision thereof," not to exceed \$2,000 in any taxable year.

This amendment became effective July 11, 1975, the date approved by the Governor. Accordingly, pension income received on and after July 12, 1975, will qualify for the deduction. The deduction is limited to \$2,000 in all cases, and for the taxable year 1975 it is also limited to the amounts received from July 12 through December 31. Hence, in the case of a taxpayer who received a total of \$3,000 pension income during the calendar year 1975, of which \$1,500 was received after July 11, 1975, would be entitled to deduct \$1,500.

Under the statute "amounts received as pensions from employers" means from the employer of the taxpayer claiming the deduction. Hence, a surviving widow who receives income under a pension contract from her husband's former employer would not be eligible for this new deduction. However, it should be observed that House Bill No. 47 did not repeal or amend the deduction provided under Section 1106 (b) (2) of present law, relating to an exclusion of up to \$2,000 in the case of certain individuals over age 60 whose earned income does not exceed \$2,500, and whose adjusted gross income does not exceed \$10,000 for the taxable year. A surviving spouse who meets those requirements would qualify for the deduction under that provision of the law.


Louis N. Megargee
Director of Revenue

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