



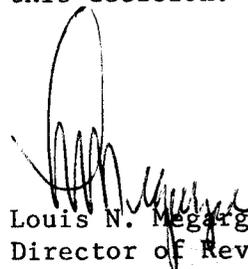
STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
601 Delaware Avenue
Wilmington, Delaware 19899

TAX NEWSGRAM 75-21

October 20, 1975

- Distributions by Subchapter "S" Corporations -
Estate of Richard P. Fox v. Director of Revenue,
Tax Appeal Board, Dkt. Nos. 573 and 574 (1975)

In Fox v. Director of Revenue, the Tax Appeal Board held that 1971 distributions to shareholders of a Subchapter "S" Corporation, which distributions were made out of pre-1971 accumulated earnings, were not includible in Delaware taxable income. It was concluded that such distributions were not includible in Federal Adjusted Gross Income, and that no statutory modification or adjustment was required under Delaware law. Tax Newsgram 71-7, dated December 7, 1971, is hereby revoked to the extent inconsistent with this decision.



Louis N. Megargee
Director of Revenue

RRS/mrs

DISTRIBUTION: B and C

