



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

TAX NEWSGRAM 76-12

September 10, 1976

- Personal Income Tax
Gain From Installment Sales of Property Occurring Prior
to Taxpayer Becoming a Resident of Delaware.

A question has been raised as to the proper reporting of the gain derived from an installment sale of property where the sale was made by a non-resident prior to becoming a resident of Delaware.

For example, in 1974 while a resident of New Jersey taxpayer sold real property situated in New Jersey under an installment payment arrangement, and elected to report the gain on the installment basis pursuant to the provisions of Section 453 of the Federal Internal Revenue Code. On January 1, 1975, taxpayer moved to Delaware and became a permanent resident. On his Federal return for 1975 the taxpayer reported \$100X representing the portion of the gain received in 1975.

Under Section 1105, Title 30, Delaware Code, the "entire taxable income" of a resident of this State consists of his Federal adjusted gross income with certain specified modifications, deductions and personal exemptions.

The gain reported from the installment payment received in 1975 is part of the taxpayer's Federal adjusted gross income. Since there are no modifications required under 30 Delaware Code, Section 1106 (b) with respect to such gain, it is the position of the Division of Revenue that such gain is includible in Delaware taxable income on his Delaware return for 1975.

Tax Newsgram 72-26 dated February 8, 1972, is hereby revoked.


Louis N. Megargee
Director of Revenue

RRS/mrs


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