



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

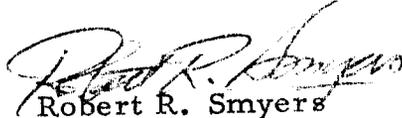
DIVISION OF REVENUE
TAX RULING 77-2

March 10, 1977

- Transportation Allowances -
Income Tax Withholding

The Internal Revenue Service recently held that where a taxpayer incurs daily transportation expenses in going between his residence and place of work, even though the place of employment is temporary, such expenses are non-deductible commuting expenses. Further, it was held that where the taxpayer incurs such daily expenses as an employee and is reimbursed for such expenses by the employer, such payments are includible in gross income and constitute "wages" for purposes of income tax withholding. Rev. Rul. 76-453, IRB 1976-47.

The position taken in Rev. Rul. 76-453 is hereby adopted by the Division of Revenue and, therefore, where such daily transportation expenses are reimbursed to the employee by the employer, such payments constitute "wages" for purposes of Delaware income tax withholding.



Robert R. Smyers

Acting Director of Revenue

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