



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
DELAWARE STATE BUILDING
820 N. FRENCH STREET
WILMINGTON, DELAWARE 19801

DIVISION OF REVENUE
TAX RULING 78-5

June 13, 1978

- Deduction for Portion of Wages Disallowed for Federal Tax
Purposes by Reason of Claiming New Jobs Tax Credit.

House Bill No. 839, (Chap. 297, Vol. 61, Laws of Del.), approved June 1, 1978, amends Section 1903 (a), Title 30, Del. C., relating to the computation of taxable income for Delaware corporation income tax purposes, by adding a new modification to permit a deduction for the amount of wages paid in the taxable year which is disallowed as a deduction for Federal income tax purposes under Section 280C, Internal Revenue Code, relating to the portion of wages for which the Federal new jobs tax credit is claimed. Similarly, House Bill No. 840 (Chap. 298, Vol. 61, Laws of Del.), approved June 1, 1978, amends Section 1106 (b), 30 Del. C., relating to the computation of taxable income for Delaware personal income tax purposes, to permit a comparable deduction to partnerships, etc., that are eligible for and claim the new jobs tax credit for Federal purposes. Accordingly, Tax Ruling 78-2 dated January 30, 1978, relating to denial of such deductions, is hereby revoked.

The amendments, which are applicable to taxable years ending on or after December 31, 1977, will permit taxpayers to deduct the full amount of wages paid in computing taxable income for Delaware purposes, and effectively restore that portion of the deduction for wages which is disallowed in computing Federal taxable income by reason of the new jobs tax credit.

Corporations which have not filed final returns for the calendar year 1977 or fiscal year ending in 1977, should claim the deduction when the final return is filed. Those taxpayers who have filed final returns for such taxable year should file amended returns.


John L. Sullivan
Director of Revenue

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