



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

DIVISION OF REVENUE  
TAX RULING 79-6

September 19, 1979

**Corporation Income Tax Credits and Reduction in  
Business License Fees for New Business Facilities.**

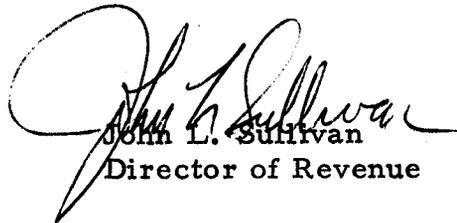
House Bill No. 402, 130th General Assembly, approved by the Governor on July 14, 1979, (Ch. 155, Vol. 62, Laws of Del.), adds new Sections 2010-2013 to Title 30, Delaware Code, to grant a corporation income tax credit for up to 10 years to any taxpayer who establishes a new business facility in which the investment exceeds \$1 million or the utilization of the facility results in employment of 25 or more new employees. An expansion of an existing business facility may qualify for the credit if the investment exceeds \$1 million. The maximum credit granted is in an amount equal to \$75 for each new employee, plus \$185 for each \$100,000 (or major fraction thereof) of investment cost. However, the allowable credit is limited to an amount equal to 50% of the corporation income tax liability attributable to income derived from the operation of the new facility for the taxable year. The credit may be claimed for the first taxable year during which commercial operations commence and for nine succeeding taxable years.

In addition to the corporation income tax credit, there is also granted a reduction in the manufacturers and wholesalers license tax on gross receipts for 10 years to any taxpayer who establishes a qualified new business facility if the utilization of the facility results in the employment of 25 or more new employees or an investment over \$1 million. The reduction in the license tax is graduated from a 90% reduction during the first year of operation to 5% during the 10th year.

To be eligible for the tax credit or reduction in license taxes, the facility must be (1) constructed, acquired or leased and placed in operation after July 1, 1979, and before June 30, 1984; and (2) must be a revenue producing enterprise. Public utilities and retailers are not eligible for the credit or reduction in license taxes.

Special forms relating to the qualification for and computation of

the tax credit must be completed and attached to the corporation income tax return (Form 1100) by any taxpayer claiming the credit allowed under this new law. Similarly, taxpayers claiming the reduction in license fees allowed by the new law must file an application for business license and complete a special form relating to the qualification for and computation of the reduction in license taxes to be attached to each return. Forms and instructions will be available after December 1, 1979, upon request to the Division of Revenue.



John L. Sullivan  
Director of Revenue

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