



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

State of Delaware
Division of Revenue
Tax Ruling 83-5

December 8, 1983

Subject: Partnership Returns - Penalty for Failure to File

Effective July 1, 1982, a new subsection (c) was added to §1194 of Title 30 of the Delaware Code, thereby imposing the following penalty for the failure timely to file a partnership return:

"(c) (1) If any partnership required to file a return under §1174 of this Title for any taxable year fails to file such return at the time prescribed therefor (determined with regard to any extension of time for filing) or files a return which fails to show the information required under §1174 of this Title, such partnership shall be liable for a penalty determined under paragraph (2) below for each month or fraction thereof during which such failure continues (but not to exceed 5 months), unless it is shown that such failure was due to reasonable cause.

(2) For purposes of paragraph (1) of this subsection, the amount of penalty for any month is the product of \$25, multiplied by the number of persons who were partners in the partnership during any part of the taxable year."

While the requirement of §1174 that every partnership having a resident partner or having any income derived from sources within Delaware shall make a return for the taxable year has been part of Title 30 since 1953, the Division of Revenue recognizes that the

penalty imposed by §1194 (c) may result in an unreasonable and excessive amount, particularly with respect to large partnerships with no Delaware source income whose partners almost entirely reside out of state, and which may have been unaware of the new penalty provision.

In order to eliminate inequities and unintended hardship in the application of this recently enacted penalty provision, the Division of Revenue hereby extends to April 30, 1984, the time to file returns required under §1174 for partnership taxable years ending on any date during the period beginning July 1, 1982, and ending on or before November 30, 1983. Accordingly, any partnership return required to be filed under §1174 for any taxable year ending during such period which is filed with the Division of Revenue on or before April 30, 1984, will not be subject to the penalty set forth in §1194 (c).

This ruling is made solely to relieve affected partnerships from the penalty to which they might otherwise be subject under §1194 (c), and does not extend the return filing requirements of §1174 for any taxable year ending after November 30, 1983.



Robert W. Chastant
Director of Revenue

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