



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

DIVISION OF REVENUE
TECHNICAL INFORMATION MEMORANDUM 84-2

August 24, 1984

Subject: Tax Law Changes Enacted by the 1984 Session
of the Delaware General Assembly

Personal Income Tax

1. Social Security Benefits - Senate Bill No. 278, Chapter 224, Volume 64, Laws of Delaware, amends section 1106(b), Title 30, to exclude Social Security benefits from Delaware personal income tax. The amendment provides that Social Security benefits paid by the United States, to the extent included in federal adjusted gross income for Federal purposes, are to be subtracted from federal adjusted gross income for Delaware income tax purposes. Approved January 26, 1984 and effective for taxable years beginning on or after January 1, 1984.
2. Tax Rates Decreased - House Bill No. 500, Chapter 317, Volume 64, Laws of Delaware, amends section 1102, Title 30, to reduce personal income tax rates (for resident and non-resident individuals), by approximately 10% for all taxable years beginning after December 31, 1984. Under this bill, the tax rate is 11% on taxable amounts between \$40,000 and \$50,000, and 12.2% on taxable amounts in excess of \$50,000.

House Bill No. 700, Chapter 325, Volume 64, Laws of Delaware, further amends section 1102, Title 30, effective for taxable years beginning after December 31, 1984, to reduce the tax rates at the top level to 10.7% on all taxable amounts in excess of \$40,000. However, House Bill No. 700 further amends section 1102, Title 30, to provide that the tax rate of 10.7% prescribed for taxable amounts in excess of \$40,000 will be revoked and the rates enacted by H.B. 500 reinstated effective January 1, 1988, unless the Secretary of Labor determines that total full-time equivalent employment in the State has averaged an annual increase of 6,000 full-time equivalent jobs for the period June 1, 1984 through May 31, 1987. The Acts were approved and effective July 2, 1984, and are applicable to taxable years beginning after December 31, 1984.
3. Increase in Personal Exemption - Senate Bill No. 405, Chapter 330, Volume 64, Laws of Delaware, amends section 1110, Title 30, to increase the Delaware deduction allowed for personal exemptions from \$600 to \$800 for each exemption to which a taxpayer is entitled for federal income tax purposes. The bill also amends section 1161, Title 30, to increase the minimum

gross income of individuals required to file a state tax return from \$600 to \$800, and the minimum combined gross income of a married couple to file a joint return from \$1200 to \$1600. These amounts are increased by \$800 for each personal exemption to which residents are entitled. Approved July 2, 1984 and effective for taxable years beginning after December 31, 1984.

4. Tax Computation Tables - House Bill No. 688, Chapter 376, Volume 64, Laws of Delaware, amends section 1102, Title 30, to authorize the issuance of tax tables to be used in the calculation of Delaware income tax liability for individuals whose taxable income does not exceed \$20,000, similar to the tax tables used for federal income tax purposes. Approved July 17, 1984.

Corporation Franchise Taxes

5. Increase Tax Rates and Filing Fees - House Bill No. 500, Chapter 317, Volume 64, Laws of Delaware, amends section 503, Title 8, to increase franchise tax rates, effective for franchise taxes due and payable after June 1, 1984. The minimum tax on any domestic corporation for a full taxable year is increased from \$20 to \$30, and the maximum tax liability is increased from \$110,000 to \$130,000.

Regulated investment companies may continue to elect to pay a franchise tax based on average gross assets, but the rate is increased from \$181.50 to \$200 per year for each \$1,000,000 or fraction thereof, of average gross assets. The maximum franchise tax applicable to regulated investment companies is increased from \$55,000 to \$65,000.

The bill also amends section 391, Title 8 and section 2315, Title 29, effective July 1, 1984, to increase various fees due the Secretary of State upon filing certificates and other papers. Further, section 502, Title 8 is amended, with respect to reports due on or after March 1, 1985, to increase the penalty for failure to file timely annual franchise tax reports from \$25 to \$50.

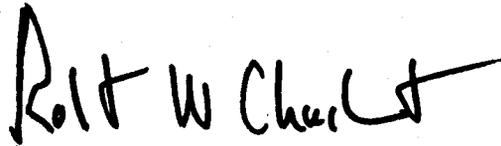
Wholesaler Gross Receipts Tax

6. Definition of "Gross Receipts" - House Bill No. 686, Chapter 374, Laws of Delaware, amends section 2901, Title 30, relating to the wholesaler business license and gross receipts tax, to provide that taxable gross receipts shall include amounts received from sales of tangible personal property physically delivered in Delaware to the purchaser or his agent. This amendment changes present law by applying a "destination" test in determining whether sales of tangible personal property are included in taxable gross receipts, in lieu of the "passage of title" test applied under former law. The amendment continues the exclusion from taxable gross receipts for sales of goods delivered to the United States mail or to a common or contract carrier for shipment outside the State. The amendment is

effective with respect to license years beginning after December 31, 1984 and applies to goods delivered on or after January 1, 1985.

Delaware Estate Tax

7. Due Date for Filing Return - House Bill No. 687, Chapter 375, Volume 64, Laws of Delaware, amends section 1504, Title 30, to provide that the Delaware estate tax return required to be filed by Chapter 15, Title 30 shall be due nine months (formerly fifteen months) from the date of death of the decedent. This amendment conforms Delaware law with federal law. The amendment applies to estates of decedents dying after July 17, 1984, the date of enactment.



Robert W. Chastant
Director of Revenue

RRS:jmd