



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 (87-1)

January 7, 1987

- SUBJECT: 1. Individual Resident Income Tax Return for 1986 (Form 200-01).
 2. Correction to 1987 Withholding Tax Table.
 3. Review of Personal Allowances Claimed for State Withholding Taxes.
 4. Introduction of New Coupon Booklets.
 5. Advisory of (a) Withholding Tax Changes, (b) Other Tobacco Products Tax, (c) Realty Transfer Tax, (d) Resident & Non-Resident Contractors Requirements, (e) Transient Retailer License Requirements.
 6. Brief Report on State Fiscal Year 1986 Accomplishments by the Delaware Division of Revenue. (Attachment)

1. There is an error on Line 11 of the 1986 Resident Income Tax Form 200, which should be corrected as follows:
 Line 11 1986 Estimated Tax Paid & Payments with Extensions
 The specific change required is underlined above.

2. Correction to 1987 Delaware Withholding Tax Tables.
 The 1987 Delaware Withholding Tax Tables contain errors on pages 20 and 24. The corrected amounts are noted on the chart below by the number of exemptions claimed:

Page 20. If the Payroll Period with Respect to an Employee is Bi-Weekly

And the Wages		And the Number of Withholding Exemptions Claimed is -									
Are -											
	But										
At	Less										
<u>Least</u>	<u>Than</u>	0	1	2	3	4	5	6	7	8	9
1600	1650						82.70	79.55	76.40		
2900	3000								191.53		

Page 24. If the Payroll Period with Respect to an Employee is Monthly

And the Wages		And the Number of Withholding Exemptions Claimed is -									
Are -											
	But										
At	Less										
<u>Least</u>	<u>Than</u>	0	1	2	3	³	5	6	7	8	9
4300	4450					266.85					

3. The Division of Revenue wants to caution both employers and their employees with regard to withholding allowances which are computed and reported on the federal W-4. Although Delaware is piggybacked onto Federal Personal Exemptions, we continue to encourage employees to compute their State allowances separately to make certain that the number of allowances claimed for state purposes does not result in either over or under-withholding of state taxes. Most taxpayers will remain unaffected by the impact of the federal tax reform changes on state withholding taxes if they continue to claim the same number of allowances for both state and federal purposes. That is, the taxpayer will generally have an appropriate amount of withholding which would not result in excessive over or under-withholding.
4. The Division of Revenue will use Optical Character Recognition (OCR) equipment to process many tax returns and remittances. The withholding, corporate tentative, and business gross receipts tax returns have been designed for this special processing technique in a coupon booklet format, which has replaced last year's tax packages. We are anticipating that the coupon booklets will be more convenient to use and for the Division to process. The coupon booklets were mailed to taxpayers in late December and early January.
5. A number of new tax laws and regulations are in place for 1987, and we appreciate your assistance in promoting compliance with the changes.

The new withholding tax booklet and regulations reflect the 9% reduction in personal income tax rates for 1987. Technical Information 86-8 sets forth the Division's Regulations concerning the tax on tobacco products other than cigarettes. Technical Information Memorandum 86-9 contains the Division's Regulations on the transfer of real estate by means of corporations, partnerships and trusts. Technical Information Memorandum 86-10 explains the licensing procedures for resident and non-resident contractors. Soon to be released Technical Information Memorandum 87-2 will explain the use of Form 5402, Realty Transfer Tax Return and Affidavit of Gain and Value. Technical Information 87-3 will detail the new requirements for licensing of transient retailers (primarily out-of-state retailers who temporarily conduct business in Delaware).

If you have any questions, please do not hesitate to contact our Taxpayer Assistance numbers at area code (302) 571-3300 (Wilmington); 736-5251 (Dover); 856-5358 (Georgetown).

6. Please refer to the attached highlights of recent accomplishments by the Division of Revenue. Thank you for your support.