



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
CARVEL STATE BUILDING
820 N. FRENCH STREET
P.O. BOX 8911
WILMINGTON, DELAWARE 19899-8911

TECHNICAL INFORMATION MEMORANDUM 93-2

March 24, 1993

SUBJECT: New Forms and Technical Revisions

CONTACT: Personal Income Tax Forms: James Davis/Office Audit Bureau, (302) 577-3341;
Corporate Income Tax Forms: Ron Kaminski/Corporate Audit Bureau, (302) 577-3322.

Notice is hereby given of the Division of Revenue's issuance of a number of new or substantially revised forms and accompanying instructions. Such forms (copies of which are enclosed) include:

Personal Income Tax Forms

FORM 300 - Delaware Partnership Return

FORM 700 - Business Tax Credits

FORM 800 - Business Income of Non-Resident

Corporation Income Tax Forms

FORM 1100S - S Corporation Reconciliation Return and Shareholders Information Return

FORM 1100 - EMP - New Employment Credits

FORM 1100 - NBI - Corporate Schedule of Non-Business Income/Loss

As is the case with all Division of Revenue forms and instructions, the aforementioned are issued as rules and regulations pursuant to the authority of 30 Del.C. §354 and §563.

Technical Revisions FORM 1100-S, Schedule A-1

The instructions for Line 28 of Schedule A-1 should read:

"Enter on Line 28 the amount of personal estimated tax paid on behalf of the non-resident shareholder. Multiply Lines 9, 10, 11, and 14 from Form 1100S by the percentage of stock owned by the respective non-resident shareholder. Enter the result on Line 14(b) or 14, Delaware personal income tax returns, Forms 200-01 or 200-02."

Robert W. Chastant

Schedule 2 - APPORTIONMENT PERCENTAGE. Complete only if partnership has income derived from or connected with sources in Delaware and at least one other State and if it has one or more partners who are not residents of Delaware.

Schedule 2A - Gross Real and Tangible Personal Property

Description	Within Delaware		Within and Without Delaware	
	Beginning of Year	End of Year	Beginning of Year	End of Year
1. Total Real and Tangible Property Owned				
2. Real Tangible Property Rented (Eight times annual rental paid)				
3. Total				
Less: Value at original cost of real & tangible property the 4. income from which is separately allocated (see instructions)				
5. Total				
6. Average Value (see instructions)				

Schedule 2B - Wages, Salaries, and Other Compensation Paid or Accrued to Employees

Description	Within Delaware	Within & Without Delaware
1. Wages, Salaries, and Other Compensation of all employees		

Schedule 2C - Gross Receipts Subject to Apportionment

1. Gross receipts from sales of tangible personal property		
2. Gross income from other sources (see attachment)		
3. Total		

Schedule 2D - Determination of Apportionment Percentage

1. Average Value of Delaware real and tangible property	<input type="text"/>	=	<input type="text"/>	%
2. Average value of all real and tangible property	<input type="text"/>	=	<input type="text"/>	%
3. Delaware wages, salaries, etc., assignable to Delaware	<input type="text"/>	=	<input type="text"/>	%
4. Total wages, salaries, etc.	<input type="text"/>	=	<input type="text"/>	%
5. Delaware gross receipts and gross income assignable to Delaware	<input type="text"/>	=	<input type="text"/>	%
6. Total gross receipts and gross income from all business	<input type="text"/>	=	<input type="text"/>	%
7. Total	<input type="text"/>	=	<input type="text"/>	%
8. Apportionment percentage (See specific instructions)	<input type="text"/>	=	<input type="text"/>	%

Schedule 3 - PARTNERS' INFORMATION (Attach continuing schedule in same format if there are more than five partners.)

Name and Social Security Number	Address	Check here if Delaware		Amount included in Delaware gross Income
		Resident	Non-resident	
1. Name: SSN:				
2. Name: SSN:				
3. Name: SSN:				
4. Name: SSN:				
5. Name: SSN:				

Name of Taxpayer	Social Security Number
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FORM 700 BUSINESS TAX CREDITS

SCHEDULE 1. ECONOMIC DEVELOPMENT CREDITS

Name of Business for which credits are claimed	
Employer Identification Number for which credits are claimed	

1. Credit claimed for new employment (Attach Form 1100-EMP)	
2. Credit claimed for investment and/or employment	
3. Credit claimed for investment & employment in targeted areas	
4. Add Lines 1 through 3 and enter here	

SCHEDULE 2. GREEN INDUSTRIES CREDITS

Name of Business for which credits are claimed	
Employer Identification Number for which credits are claimed	

Credit may not be claimed on more than one of Lines 5 - 8.

5. Credits claimed for reduction in waste release	
6. Credits claimed for use of recycled materials in manufacturing	
7. Credits claimed for processing of waste materials	
8. Credit claimed for collection and distribution of recycled materials	
9. Enter the highest of Lines 5 - 8 here	
ADD LINES 4 AND 9. ENTER HERE AND ON LINE 12b OF FORM 200-01	

INSTRUCTIONS

FORM 700 must accompany any credit taken on Line 12b of the Delaware Resident return. Entries on Line 12b are available only to proprietors, partners, and S Corporations of businesses qualifying for Economic Development or Green Industries credits.

SCHEDULE 1.

"Blue Collar" Tax Credits are allowed to businesses making certain combinations of investment and/or increasing employment. Information on this program is available by contacting Ron Kaminski, Chief, Corporate Audit Bureau, Division of Revenue at (302) 577 - 3322.

SCHEDULE 2.

Tax credits are available for certain businesses whose activities within Delaware achieve environmental goals pertaining to reductions in waste release, use of recycled materials in manufacturing, processing of waste materials, and collection and distribution of recycled materials. Information on the Green Industries Program is available from Phil Cherry, Director, Pollution Prevention Program Department of Natural Resources and Environmental Control at (302) 739-5071.

Name(s) shown on Form 200	Your Social Security Number	-	-
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JRM 800 BUSINESS INCOME OF NON-RESIDENT

(Instructions on Reverse Side)

Business Name	Social Security Number or Federal Identification Number	-	-
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Complete only if business has federal Schedule C income derived from or connected with sources in Delaware and at least one other State.

Schedule A - Gross Real and Tangible Personal Property

Description	Within Delaware		Within and Without Delaware	
	Beginning of Year	End of Year	Beginning of Year	End of Year
1. Total Real and Tangible Property Owned				
2. Real Tangible Property Rented (Eight times annual rental paid)				
3. Total				
4. Average Value (see instructions)				

Schedule B - Wages, Salaries, and Other Compensation Paid or Accrued to Employees

Description	Within Delaware	Within & Without Delaware
Wages, Salaries, and Other Compensation of all employees		

Schedule C - Gross Receipts Subject to Apportionment

1. Gross receipts from sales of tangible personal property		
2. Gross income from other sources (see instructions)		
3. Total		

Schedule D - Determination of Apportionment Percentage

1. Average Value of Delaware real and tangible property	<input type="text"/>	=	<input type="text"/> %
2. Average value of all real and tangible property	<input type="text"/>	=	<input type="text"/> %
3. Delaware wages, salaries, etc., assignable to Delaware	<input type="text"/>	=	<input type="text"/> %
4. Total wages, salaries, etc.	<input type="text"/>	=	<input type="text"/> %
5. Delaware gross receipts and gross income assignable to Delaware	<input type="text"/>	=	<input type="text"/> %
6. Total gross receipts and gross income from all business	<input type="text"/>	=	<input type="text"/> %
7. Total			
Apportionment percentage (See specific instructions)			<input type="text"/> %
9. Amount from back of FORM 200NR, Line 6, Column 1			
10. Multiply Line 9 by Line 8 (Enter here & on back of FORM 200NR, Line 6, Column 2)			

FORM 800

INSTRUCTIONS

WHO MUST COMPLETE: Any non-resident individual with Schedule C income who: (1) claims that any amount of such income is attributable in part to sources in Delaware and in part to sources outside Delaware; or (2) conducts business in Delaware and at least one other state who enters a loss on the back of FORM 200NR, line 6, column 1, and who attributes part of such loss to sources within Delaware. As an alternative to Form 800, allocation of income within and without Delaware may be supported by a written explanation documenting a system of separate accounting for in-State versus out-of-State income or loss sufficient to justify specific State-by-State allocation.

SCHEDULE A - Gross Real and Tangible Personal Property

Enter on Line 1 the original cost value of all real and tangible personal property used in the trade or business and owned at the beginning and at the end of the taxable year, identifying in the first two columns property within Delaware. Enter on Line 2 rented real and tangible personal property used in the trade or business to be valued at eight times the annual rental.

Calculate average value by adding the total beginning and total ending values of property within the State of Delaware and property within and without the State of Delaware respectively, and divide each sum by two.

SCHEDULE B - Wages, Salaries and other Compensation

Enter on Line 1 the total wages, salaries, bonus and other compensation you paid or accrued to employees engaged in employment within the State of Delaware and within and without the State of Delaware during the taxable year.

SCHEDULE C - Gross Receipts Subject to Apportionment

Enter on Line 1 in the column headed "Within Delaware," the gross receipts from the sales by the business of tangible personal property physically delivered within Delaware to the purchaser or his agent located within the State of Delaware (but not including delivery to the United States Mail or to a common or contract carrier for shipment to a place outside Delaware). Enter in the column headed "Within and Without Delaware" total gross receipts from the sales of tangible personal property both within and without Delaware during the income year. Include in the factor on the appropriate line, the business' gross receipts from the sale of tangible property.

Enter on Line 2, in the column "Within Delaware," all other gross income (if any) of the business from other sources within Delaware. Other income is considered gross income from a Delaware source when the activity that gives rise to the income is performed within the State of Delaware. Enter on Line 2 in the column headed "Within and Without Delaware," all other gross income (if any) of the business from other sources both within and without Delaware. Add the amounts on Line 1 and Line 2 and enter on Line 3.

SCHEDULE D - Determination of Apportionment Percentage

Enter in the numerator on Line 1 the average value of all real and tangible personal property owned or rented in the State of Delaware and enter in the denominator on Line 2 the average value of all real and tangible personal property owned or rented both within and without the State of Delaware as reported in Schedule A, Line 4 and compute the percentage.

Enter in the numerator on Line 3, wages, salaries and other compensation paid or accrued to employees within the State of Delaware and enter in the denominator on Line 4 the wages, salaries and other compensation paid or accrued to employees within and without the State of Delaware as reported in Schedule B, Line 1 and compute the percentage.

Enter in the numerator on Line 5 the gross receipts apportioned to the State of Delaware and enter in the denominator on Line 6 the total gross receipts subject to apportionment as reflected in Schedule C, Line 3 and compute the percentage.

Compute the respective percentages, carried to at least six (6) decimal places, and enter in the appropriate column. Total the percentages on line 7 and divide by: A factor of three if all three apportionment factors (property, wages and sales) are present; A factor of two if only two apportionment factors (property or wages or sales) are present; A factor of one if only one apportionment factor (property or wages or sales) is present. For example, if the corporation has property and sales but does not pay any salaries within or without this state, the apportionment percentage should be determined by the average of the two factors of property and sales. Enter this figure on line 8.

For Calendar Year 199__ or Fiscal Year Beginning _____ 199__ and Ending _____ 199__

Federal Employer Identification Number _____
Business Name, Address and Zip Code _____

PART A: Please answer the following questions to determine if you are qualified to take the New Employment Credit. You must answer "Yes" to both questions to be eligible for the tax credits.

1. Are you engaged in one of the following qualifying activities? YES (Please check the activity.) NO
 Manufacturing Wholesaling Scientific, Agricultural or Industrial Research
 Data Processing or Data Preparation Consumer Credit Reporting/Collection Services
 Engineering Services Management & Support Services for Activities listed Any Combination of Activities listed
2. Are the new employees, for which the credit will be computed, employed in Delaware by the same taxpayer for at least six consecutive months during the current year or employed in Delaware by the same taxpayer for a period of six consecutive months encompassing the base year and current year? YES NO

PART B. COMPUTATION OF CREDIT

Base Year Employment
(January 1, 1991 - December 31, 1991)
Enter below the number of full-time employees employed in Delaware for each month during the base year. For purposes of determining base year employment, total the number of all employees within the state. Do not include employees assigned to this state on a temporary basis. "Base year employment" is the period January 1, 1991 through December 31, 1991 regardless of the fiscal year of the taxpayer.

Current Year Employment
(Tax Year Beginning _____ and Ending _____)
Enter below the number of full-time employees employed in Delaware for each month during the current year. (Include only those employees employed by the same taxpayer for at least six consecutive months during the current year or employed by the same taxpayer for a period of six consecutive months encompassing the base year and current year.)

1a	_____	January	1b	_____
2a	_____	February	2b	_____
3a	_____	March	3b	_____
4a	_____	April	4b	_____
5a	_____	May	5b	_____
6a	_____	June	6b	_____
7a	_____	July	7b	_____
8a	_____	August	8b	_____
9a	_____	September	9b	_____
10a	_____	October	10b	_____
11a	_____	November	11b	_____
12a	_____	December	12b	_____
13a	_____	<u>Total. Add Lines 1 - 12</u>	13b	_____
14a	_____	Average Number of full-time employees. Divide Line 13 by 12 months.	14b	_____
15	Average employee increase (Line 14b minus Line 14a.)		15	_____

STOP: If the average number of employees in the current year (Column B) is less than or equal to the average number of employees in the base year (Column A), you are not eligible to claim the New Employment Credit.

16	Number of New employees in Line 15 for which at least 50% of Health Care Benefits are paid by employer.	16	_____
17	Total (Add Lines 15 and 16)	17	_____
18	New Employment Credit. Multiply Line 17 by \$250. Enter here and on Line 17(b) Form 1100, Line 12 Form 1100S or Line 1 Form 700.	18	_____

NEW EMPLOYMENT CREDITS WILL NOT BE ALLOWED UNLESS THIS FORM IS ATTACHED TO FORM 1100, 1100S OR 700.

Signature of Officer/Owner Title Telephone Number

**INSTRUCTIONS FOR
NEW EMPLOYMENT CREDIT**

Section 2011(h) of Title 30 of the Delaware Code provides that any taxpayer, other than a public utility, engaged in any of the following qualified activities:

1. Any activity constituting manufacturing within the meaning of §2701(2) of Title 30 except any process which merely preserves or restores the value of a product or that does not change the inherent nature of a product or material;
2. Any activity defined as a wholesaler in §2901(7) or as a drayperson in §2301(a)(25) of Title 30;
3. The operation of any laboratory for the purpose of scientific, agricultural or industrial research, development or testing;
4. Any activity more than 50% of whose annual gross receipts are derived from the following activities,
 - (a) Computer processing or data preparation or processing services, including data entry (but not including word processing) and making data processing equipment available on an hourly or time sharing basis, or
 - (b) Engineering services including providing and supervising the taxpayer's engineering staff on temporary contract to other firms. Engineering services does not include businesses providing engineering personnel or businesses engaged in architectural or photogrammetric engineering, or
 - (c) Consumer credit reporting services including adjustment and collection services and credit reporting services;
5. The administration, management, support operations, including marketing, or any combination of the above activities;

whose average number of Delaware full-time employees increases during the current taxable year over the total average number of Delaware employees during the base period of January 1, 1991 through December 31, 1991, is allowed a corporate or personal income tax credit of \$250 per new full-time employee. If the taxpayer provides at least 50% of the health care benefits for the same employee, Section 2011(i) provides for an additional credit of \$250 per new full-time employee. Full-time employees must have worked for the taxpayer for a period of six consecutive months during the current year or for a period of six consecutive months which encompasses the base year and current year.

PART A: Please answer the general information questions before computing the New Employment Credit. You must answer "Yes" to both of the questions to be eligible for the tax credits.

PART B: BASE YEAR EMPLOYMENT: Enter on Lines 1a through 12a, the number of **FULL TIME** employees employed on the last day of each month during the base year period of January 1, 1991 through December 31, 1991. For purposes of determining base year employment, total the number of all employees within the state. Do not include employees assigned to this state on a temporary basis. "Base year employment" is the period January 1, 1991 through December 31, 1991 regardless of the fiscal year of the taxpayer. Taxpayers whose taxable year begins in 1991 (or 1992) and ends in 1992 (or 1993) may have one or more months where employment will be recorded in both the base and current years.

CURRENT YEAR EMPLOYMENT: Enter the tax year period for which the New Employment Credit is being claimed. Include only those employees employed by the same taxpayer for at least six consecutive months during the current year or employed by the same taxpayer for a period of six consecutive months encompassing the base year and current year. **THE CREDIT MAY ONLY BE CLAIMED FOR TAX YEARS ENDING AFTER DECEMBER 31, 1991 OR BEFORE JANUARY 1, 1994.** Fiscal year taxpayers whose taxable year begins in 1991 and ends in 1992 are entitled to the credits for the taxable year ending in 1992. Enter on Lines 1b through 12b the number of **FULL TIME** employees employed on the last day of each month during the tax period for which the credit is being claimed. Do not include employees assigned to this state on a temporary basis.

Line 13a and 13b: Add Lines 1a through 12a and 1b through 12b and enter the results on Lines 13 (a) and (b).

Line 14a and 14b: Divide 13a and 13b by 12 to obtain the average number of employees for the base year and the current. Enter the results on Lines 14 (a) and (b).

Line 15: Subtract Line 14a from Line 14b to obtain the average increase in employees.

STOP: If the average number of employees in the current year (Line 14(b)) is less than or equal to the average number of employees in the base year (Line 14(a)), you are not eligible to claim the New Employment Credit.

Line 16: Enter the number of current year new employees in Line 15 for which at least 50% of Health Care benefits are paid by the employer.

Line 17: Add Lines 15 and 16.

Line 18: Multiply the number on Line 17 by \$250 to obtain the total value of New Employee Credits. Enter here and on Line 17(b) Form 1100 (for Corporate Income Tax), Line 12 Form 1100S (for S Corporations) or on Line 1 Form 700 Delaware Business Credits for Proprietors or Partnerships.

NEW EMPLOYMENT CREDITS WILL NOT BE ALLOWED UNLESS THIS FORM IS ATTACHED TO FORM 1100 OR 1100S OR 700.

STATE OF DELAWARE
Division of Revenue
Corporate Schedule of Non-Business Income/Loss

For Calendar Year 1992

or fiscal year ending _____, 1993

Federal Employer Identification Number > _____
Corporation's Name, Address and Zip Code

A corporation may exclude, under limited circumstances, "non-business" income and losses (net of related expenses) earned or incurred in the course of non-business activities unrelated to those carried out in Delaware.

An entry on this schedule must be supported by identifying each item of non-business income by description and amount and demonstrating for each item that:

- (1) Delaware is not the state of commercial domicile of the corporation. Commercial domicile is the principal place from which the trade or business of the corporation is directed or managed;
(2) There is lack of a unitary relationship between the corporation and the source of the income. If the payor or other source and the corporation are at all functionally integrated, if they have any centralized management, or if, between them, they take advantage of economies of scale, then there is not a lack of a unitary relationship;
(3) The income at issue is of an investment, as opposed to an operational, nature. Interest earned on temporary investments of working capital, or on investments meant at maturity or at a later time to be applied to operations, is of an operational nature; and
(4) The income and apportionment factors have been appropriately adjusted by related expenses and items used to produce the income.

DESCRIPTION OF NON-BUSINESS INCOME

AMOUNT

Table with 2 columns: DESCRIPTION OF NON-BUSINESS INCOME and AMOUNT. Rows 1-5 are blank lines for entry. Row 6 is labeled 'Total Non-Business Income/Loss' with instructions to enter the amount on Line 2(h), FORM 1100.

Attach This Schedule to Form 1100

INSTRUCTIONS FOR FORM 1100-NBI
Corporate Schedule of Non-Business Income/Loss

Form 1100 NBI, Corporate Non-Business Income/Loss is designed to allow a corporate taxpayer to eliminate from federal taxable income those items of non-business income or loss which are earned or incurred in the course of **NON-BUSINESS** activities unrelated to those carried out in Delaware. In general, the income or loss which is excluded from taxable income must result from purely passive, investment, non-operational assets, and the activities which gave rise to such income/loss must be carried out outside Delaware. Each entry on page 1 of this form must be supported by the following documentation:

1) Address of the commercial domicile.

2) Name and address of the payor or source of Non-Business income.

3) Description of the relationship between the corporation and payor, or source of the income. ("Source" includes a corporation, on the sale of whose stock, gain is recognized.)

4) For each payor or source, answer the following questions:

- a) Are the payor or the source and the corporation functionally integrated? _____
- b) Do the payor or the source and the corporation have centralized management? _____
- c) Provide a list of the common officers and/or directors of the payor or the source and the corporation.
- d) For each payor or source provide a schedule (by percent of total goods purchased) of the goods purchased from such payor or source.
- e) For each payor or source provide a schedule (by percent of total services purchased) of the services provided by such payor or source.
- f) For each payor or source provide a schedule (by percent of total goods sold) of the goods sold to such payor or source.
- g) For each payor or source provide a schedule (by percent of total services provided) of the services provided to such payor or source.

5) For each item of Non-Business Income, provide schedule of the underlying income which provided the funding for such investment and a schedule of the disposition of the income from such non-business income. It must be demonstrated that the income from non-business activities does not fund, support or contribute in any way to business activities.

6) For each item of Non-Business Income, provide a schedule of adjustments to allocable income and the apportionment factors.

The Delaware statute provides for the allocation of certain forms of income and for the apportionment of the balance of entire net income. An adjustment must be made to the allocation and apportionment items to the extent that such amounts are excluded as non-business income or losses.