



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
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DIVISION OF REVENUE

October 28, 1996

TECHNICAL INFORMATION MEMORANDUM 96-7 FINAL

SUBJECT: GROCERY SUPERMARKET RETAILERS

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This Technical Information Memorandum is issued under the authority of 30 Del. C. §§ 354, 563, and 2103 intended to explain the requirements to be considered a grocery supermarket and the tax rates associated with such activity.

QUALIFICATIONS

A grocery supermarket must meet all of the following requirements:

- 1) The retail store must occupy more than 6,000 square feet. For purposes of meeting the square footage requirement, all areas in which the public may view and select products for sale shall be considered retail space. All common areas, such as, aisles, displays, interior shopping cart storage and areas for paying for purchases shall be considered retail space. All areas in which public access is restricted shall not be considered retail space. Multiple retail stores where the individual square footage is less than 6,000 but whose cumulative square footage is greater than 6,000 square feet do not qualify as a grocery supermarket.
- 2) The primary business is selling food at retail for human consumption. For purposes of this requirement, the word "primary" shall mean at least 90% of the sales must be at retail.
- 3) The retail store must have at least 12,000 different food stock units (SKU's) available for retail sale.
- 4) At least 90% of the sales of food items must be in a form not immediately consumable. "Not immediately consumable" means any product purchased at a grocery store that is intended for consumption at home and which

requires some preparation or cooking prior to consumption. By statute, the following products shall be considered "not immediately consumable": frozen ice cream, frozen or refrigerated yogurt, all fresh fruits and vegetables, deli products sold by the pound or packaged on the shelf, cooked shrimp or other seafood sold by the pound, bottled or canned sodas including bottled water, all snack foods such as potato chips, cookies and packaged candies, refrigerated dairy products, bakery goods, dry foods sold by the pound and any other food item that is generally consumed at home.

LICENSE AND GROSS RECEIPTS FEES

All persons meeting the above qualifications shall be considered a Grocery Supermarket Retailer subject to the following provisions; and shall not be subject to the provisions of §2905 as a general retailer.

- 1) An annual license fee, renewable on or before December 31st of each year in the amount of \$75 for the first location and \$25 for each separate branch or location and,
- 2) An additional license fee, due and payable monthly at the following rates:
 - A. 0.384% (0.00384) of the first \$2.0 million of aggregate gross receipts per month and,
 - B. 0.720% (0.00720) of all additional gross receipts per month.

MONTHLY EXCLUSION

In computing the fee due on the aggregate gross receipts for any month, a \$35,000 deduction is permitted. Solely for determining the rate of taxation and the monthly exclusion, all branches or entities comprising an enterprise with common ownership or common direction and control are considered as one and are allowed one \$35,000 per month exclusion. A single gross receipts return for all branches and related entities should be filed each month aggregating the receipts for all stores.

EFFECTIVE DATE

Grocery Supermarket Retailer license fees are effective for license years beginning and gross receipts received after December 31, 1996.



William M. Remington
Director of Revenue