FROM:
DIVISION OF REVENUE
STATE OF DELAWARE
P.O. BOX 8750
WILMINGTON, DE 19899-8750

State of Delaware

Form CRA

COMBINED REGISTRATION APPLICATION FOR STATE OF DELAWARE BUSINESS LICENSE AND/OR WITHHOLDING AGENT

LOCATION OF OFFICES
TOLL-FREE TELEPHONE NUMBER (DELAWARE ONLY) 1 - 800 - 292 - 7826

DOVER

Division of Revenue
Thomas Collins Building
Route 13, Dover, Delaware 19901

Telephone: (302) 744-1085

WILMINGTON

Division of Revenue
State Office Building
820 N. French Street
Wilmington, Delaware 19801

Taxpayers Assistance Section
Telephone: (302) 577-8205

GEORGETOWN

Division of Revenue
422 N. DuPont Highway, Suite 2
Georgetown, Delaware 19947

Telephone: (302) 856-5358

COMBINED REGISTRATION APPLICATION FORM

1. This Combined Registration Application form must be completed by **all** persons or companies conducting any business activity in Delaware or having one or more employees who work in the State of Delaware or who are residents of Delaware for whom you are deducting Delaware income tax. **Part A** is to be completed by all taxpayers. **Part B** must be completed by any person or company paying Delaware withholding tax. **Part C** must be completed by taxpayers applying for a Delaware Business License(s). The attachment for **Contractors Only** is to be attached to the application along with the other appropriate forms listed. The Initial Employer's Report of Delaware Tax Withheld and the Initial Gross Receipts Tax Return are only to be used for your **FIRST** time filing of these returns. Separate checks must accompany each type of tax return(s) you file. A separate Initial Gross Receipts Tax Return must be filed for each type of license acquired.
2. You should receive your personalized Withholding and Gross Receipts forms by the time your next return is due. If you have not received your forms, contact the Business Master File Section at (302) 577-8778. If you have questions concerning the completion of the forms, contact the Withholding Tax Section at (302) 577-8779; or the Gross Receipts Section at (302) 577-8780.
3. All questions in Part A **MUST** be answered; if not applicable, write "NA" in the answer block.
4. This application may not be accepted if all necessary information is not provided.
5. This application must be signed at the end of Part C by the owner or officer and dated.
6. Mail completed application with the **required license fee**, if applicable, to DIVISION OF REVENUE, P.O. BOX 8750, WILMINGTON, DELAWARE 19899-8750.

SPECIFIC INSTRUCTIONS - PLEASE READ CAREFULLY - PLEASE PRINT CLEARLY OR TYPE.

Line 1. Enter your Federal Employer Identification Number or Social Security number, whichever is used for federal purposes. If you are an employer or your business ownership is not that of a Sole Proprietorship, you must have a Federal Employer Identification number. You can apply for a number using Federal Form SS-4. (Call your nearest IRS office.) If you have applied for a Federal Employer Identification number, please enter "APPLIED FOR" on Line 1 and the Division of Revenue will assign a temporary number until your Federal Identification number has been received. **Notify the Business Master File Unit at (302) 577-8778, when your Federal Employer Identification Number is obtained.** All of your tax returns should be filed under **ONE** identification number. **If you are a sole proprietor and you have a federal identification number, you must enter both numbers on Line 1 of Part A and Part C.**

Line 2. Enter the name of the business (individual, partnership, corporate name, governmental agency, etc.).

Line 3. Enter the trade name of your business if different from the primary business name on Line 2.

Line 4. Enter the address of your primary business location. (A Post Office Box is **NOT** an acceptable location address.)

Line 5. Enter the address to which correspondence should be mailed if different from your primary business location. If you have a PO Box, enter that information here.

Line 6. If your business operates on a seasonal basis, enter the month your seasonal activity begins and ends.

Line 7. Please check the appropriate box which indicates the period of your taxable year. If you are a fiscal year taxpayer, please enter the last month and day of the taxable year.

Line 8. If incorporated, enter the State in which incorporated.

Line 9. If incorporated, enter the date on which incorporated.

Line 10. Enter the date your business operations began or will begin in Delaware.

Line 11. Check the appropriate box which describes your legal form of business. If you are a sole proprietor and you have a federal identification number, **please ensure that you have entered both numbers on Line 1.** If you are registering to remit withholding taxes for a person performing domestic services in your home, indicate your type of ownership as **#18 Employer-Domestic Employees**. If you are only registering to be a withholding agent as a convenience to your employees and are not conducting business in Delaware, **Check Type ownership #35**, **Withholding Agent Only**.

Line 12. On line 11 if you have checked 06 - Sub Chapter S Corporation, please indicate if you have Shareholders that are NOT Delaware residents.

Line 13. Enter the parent company's name.

Line 14. Enter the parent company's identification number.

Line 15. Enter the previous name of your business if it has been changed.

Line 16. Enter the previous identification number of your business if it has been changed.

Line 17. Enter the name, title, phone number, fax number and e-mail address of the individual who should be contacted regarding tax matters.

Line 18. Enter the name, title and social security number of the proprietor, partners or principal officers of your business. If more than three, please attach a separate list. If you have a Registered Agent, provide that information also.

Line 19. Fully describe the specific nature of your business.

NOTE: Without a COMPLETE application, we cannot process the forms necessary for your filing requirements.

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
820 N. French Street
Wilmington, Delaware 19801
(302) 577-8778

COMBINED REGISTRATION APPLICATION FOR STATE OF DELAWARE BUSINESS LICENSE AND/OR WITHHOLDING AGENT

Reset

Print Form

DO NOT WRITE OR STAPLE IN THIS AREA

THIS FORM MUST BE COMPLETED BY ALL PERSONS OR COMPANIES CONDUCTING BUSINESS ACTIVITIES IN DELAWARE

FAILURE TO COMPLETE ALL QUESTIONS MAY RESULT IN DENIAL OF A BUSINESS LICENSE

FOR OFFICE USE ONLY
TEMPORARY 3-

PART A - TO BE COMPLETED BY ALL TAXPAYERS

1 Enter Employer Identification Number 1- ___ — _____ or Social Security Number 2- ___ — __ — ____

2 Name

3 Trade Name (If different from above)

4 Primary Location Address

City | Country

State | Zip Code

5 Mailing Address if Different

City | Country

State | Zip Code

6 If business is Seasonal, State Active Months From: _____ Month To: _____ Month

7 Accounting Period (Check appropriate Box) ☐ Calendar Year ☐ Fiscal Year - 12 Month Basis Ending — Enter Month and Day of Fiscal Year Ending: MO DAY

8 If Incorporated Enter State Incorporated

9 Date Incorporated: MO DAY YEAR

10 When did or when will you begin operating in Delaware: MO DAY YEAR

11 Type of Ownership (Check Appropriate box)

01 ☐ Sole Proprietorship
02 ☐ Partnership
03 ☐ Non-Profit Corporation
04 ☐ Corporation
06 ☐ Sub-Chapter S Corporation
07 ☐ Federal Government
08 ☐ Fiduciary (Estate or Trust)
09 ☐ Cooperative
10 ☐ Other: Explain _____
11 ☐ Holding/Investment Company
12 ☐ Professional Association
18 ☐ Employer - Domestic Employee(s)
20 ☐ Bank
21 ☐ Insurance Company
23 ☐ Limited Liability Company
24 ☐ Limited Liability Partnership
25 ☐ Delaware State Government
26 ☐ Delaware County Government
27 ☐ Delaware Municipal Government
28 ☐ Other State's Government Agency
30 ☐ LLC - Partnership
31 ☐ LLC - Corporation
32 ☐ LLC - Non-Elect
33 ☐ LLC - Non-Elect Individual
34 ☐ QSSS
35 ☐ Withholding Agent Only

12 Sub Chapter S Corporations only - Do you have Shareholders that DO NOT reside in Delaware? ☐ YES ☐ NO

13 Parent Company Name

14 Parent Employer Identification Number ___ — _____

15 Previous Business Name

16 Previous Identification Number EIN SSN (Circle One) _____

17 Name of individual who may be contacted regarding tax matters.

Phone

FAX

E-mail Address

18 Identify Owners, Partners, Corporate Officers, Registered Agent or Trustees:

Name: Last	First	Title	Social Security #

19 Fully Describe Business Activity (MUST BE COMPLETED)

PART B - TO BE COMPLETED BY ALL EMPLOYERS

Every employer making the payment of wages taxable to a resident or non-resident employee working in Delaware is required to withhold state income taxes. Employers may also withhold Delaware state income tax from residents of Delaware who do not work in Delaware.

The filing frequency for a withholding agent is determined by the amount of withholding paid during a "lookback" period. The lookback period is a twelve month period between July 1 and June 30 immediately preceding the calendar year for which the lookback period is determined. The Division of Revenue will determine the amount of tax reported during the lookback period and advise all withholding agents of their withholding filing method. ***All withholding agents having no prior record of withholding will file on a monthly basis until the next "lookback period".***

Amount of Withholding During "Lookback" Period	**Filing Method**
$3,600 or Less	Quarterly
$3,600.01 and Less Than $20,000	Monthly
$20,000.01 and Greater	Eighth Monthly

1. Will you have employees that work in Delaware, or withhold DE state income tax from DE residents that do not work in DE? ☐ YES ☐ NO
2. Do you need a copy of the Delaware State Withholding Tax Tables? ☐ YES ☐ NO

Sole proprietors and partners are responsible for filing and paying their own Delaware state taxes. This is done by remitting personal estimated taxes on a quarterly basis. To obtain Personal Estimated Tax Packages; call the Individual Master File Unit at (302) 577-8588.

PLEASE NOTE: All employers are also required to register with the Delaware Department of Labor, Unemployment Insurance and report new hires to the Division of Child Support Enforcement.

MAKE CHECK PAYABLE AND MAIL TO: DELAWARE DIVISION OF REVENUE, P.O. BOX 8750, Wilmington, DE 19899-8750

Rev. 9/2000

PART C - TO BE COMPLETED BY TAXPAYERS APPLYING FOR A LICENSE

LICENSE APPLICATIONS WILL NOT BE PROCESSED WITHOUT LICENSE FEE

LICENSE #1 - NAME AND ADDRESS

REV CODE 0101-01

1. Enter Federal Employer Identification Number — OR — Social Security Number

1- ☐☐—☐☐☐☐☐☐☐ 2- ☐☐☐—☐☐—☐☐☐☐

2. Name

3. Trade Name if Different from Above

4. Business Location Address

City State Zip Code

5. Mailing Address if Different

City State Zip Code

FOR OFFICE USE ONLY

Bus Code	Suffix

6. Describe your business activity

7. When did or when will you begin operating in Delaware?

8. For what calendar year are you applying? Calendar year ending 12/31/____

[ ] Check if 65 years or older and whose total sales are less than $5,000 (25% of Annual Fee)

Proration Basis for Initial Licenses				
Multiply Annual Fee by Respective Month	Jan - 100%	Apr - 75%	Jul - 50%	Oct - 25%
Percentage and Circle Month Started	Feb - 92%	May - 67%	Aug - 42%	Nov - 17%
	Mar - 83%	Jun - 58%	Sep - 33%	Dec - 8%

PLEASE READ PART C INSTRUCTIONS BEFORE COMPLETING COMPUTATION OF THE FEE.

COMPUTATION OF FEE $ _____ (Annual Fee) X _____ (# of units if Applicable) = $ _____ (Total License (annual fee X # of units)) x _____ (Prorated Percentage) = $ _____ (Total Fee)

LICENSE #2 - NAME AND ADDRESS

1. Enter Federal Employer Identification Number — OR — Social Security Number

1- ☐☐—☐☐☐☐☐☐☐ 2- ☐☐☐—☐☐—☐☐☐☐

2. Name

3. Trade Name if Different from Above

4. Business Location Address

City State Zip Code

5. Mailing Address if Different

City State Zip Code

FOR OFFICE USE ONLY

Bus Code	Suffix

6. Describe your business activity

7. When did or when will you begin operating in Delaware?

8. For what calendar year are you applying? Calendar year ending 12/31/____

[ ] Check if 65 years or older and whose total sales are less than $5,000 (25% of Annual Fee)

Proration Basis for Initial Licenses				
Multiply Annual Fee by Respective Month	Jan - 100%	Apr - 75%	Jul - 50%	Oct - 25%
Percentage and Circle Month Started	Feb - 92%	May - 67%	Aug - 42%	Nov - 17%
	Mar - 83%	Jun - 58%	Sep - 33%	Dec - 8%

PLEASE READ PART C INSTRUCTIONS BEFORE COMPLETING COMPUTATION OF THE FEE.

COMPUTATION OF FEE $ _____ (Annual Fee) X _____ (# of units if Applicable) = $ _____ (Total License (annual fee X # of units)) x _____ (Prorated Percentage) = $ _____ (Total Fee)

9. AMOUNT DUE MUST BE REMITTED WITH THIS APPLICATION. (Total Fee from License # 1 and License # 2.) **$** _____

SIGNATURE TITLE DATE

I declare under penalties as provided by law that the information on this application is true, correct and complete.

PART B - REGISTERING TO WITHHOLD DELAWARE INCOME TAXES

Delaware requires that every employer register with the Delaware Division of Revenue. Registration is accomplished by completing this form. Delaware Withholding Agents must use the same identification number as their Federal Employer Identification Number. Every employer required to deduct and withhold tax must file a withholding tax return as prescribed by the statute and pay over to the Division of Revenue or its designated depository the tax required to be deducted and withheld. An initial return is included in this application to use in filing your first return. If you do not receive your preprinted forms in time to file your second return, call the Business Master File Unit at (302) 577-8778. If you do not have Delaware Withholding Tax Tables or need information, call the Withholding Tax Unit at (302) 577-8779 or visit our website (see page 8). The Division of Revenue does not accept common paymasters.

Please Note: All employers are also required to register with the Department of Labor Unemployment Insurance. For information call (302) 761-8484.

Mandatory Electronic Funds Transfer Any employer required under the provisions of §6302 of the Internal Revenue Code to deposit federal employment taxes by electronic funds transfer will be required to deposit Delaware withholding taxes by electronic funds transfer. The effective date for this new requirement is one year after the employer is required to deposit the federal funds electronically. House Bill 605 imposes a penalty on employers who are required by Delaware law but fail to deposit their withholding tax electronically. The penalty is the lesser of 5.0% of the amount that should have been electronically transferred or $500. Employers who want to participate either as mandated under the Internal Revenue Code requirements or voluntarily for Delaware should contact the Division of Revenue at (302) 577-8231 for additional information and the proper form.

PART C - APPLYING FOR DELAWARE BUSINESS OR OCCUPATIONAL LICENSE(S)

Enter your Federal Identification Number or Social Security Number as entered on Part A. If you are a sole proprietor and you have a federal identification number, you must enter both numbers on Line 1.

Delaware law requires every person, firm or corporation conducting a business within this State to obtain a license and to pay an additional monthly or quarterly fee based on the aggregate gross receipts derived from the operation of such business. Failure to obtain a business license will result in a $200 penalty if such failure is not self disclosed. **A separate license is required for each separate business activity.** You may apply for two (2) different licenses on this application. Enter the type of license applied for and the business name and address for each separate location and/or activity. Complete the schedule for the COMPUTATION OF FEE for each license. If you start doing business in Delaware after February 1st, you may prorate the fees for your initial year according to the schedule, i.e., if you started doing business in Delaware in the month of April and you are a Retailer, you are required to pay .75 x $75.00 which is $56.25. License Fees for all new applications are proratable except Cigarette, Motor Vehicle Dealers, Circus Exhibitors and Outdoor Musical Festival Promoters.

Decals for Cigarette, Merchandise Vending Machines and Amusement Machines are proratable upon first application or as additional machines are purchased and placed in service.

Unless otherwise listed, the annual license fee is $75 for the first location. Occupational, Professional, General Service, Lessors of Tangible Personal Property and Retailer's licenses require a $25 license fee for each additional location. Farm Machinery Retailers, Food Processors, Commercial Feed Dealers, Manufacturers and Wholesalers licenses require a $75 license for each additional location. Contractors, Motor Vehicle Dealers and Steam, Gas and Electric licenses are not required to obtain a license for additional locations. Public utilities (gas, electric, telephone and telegraph) are required to complete this application but are not required to obtain a business license. A complete list of Revenue licenses is contained in this booklet titled "Detailed List of Revenue Licenses and Tax Rates". Any person 65 years of age or older whose gross receipts are less than $10,000 per year shall pay one quarter (¼) of the annual occupational license fee specified. There is a $15.00 fee for the replacement of any lost or stolen license.

The license fee must accompany this application. Applications without the license fee will not be processed.

Most businesses are liable for a monthly or quarterly gross receipts tax at rates ranging from 0.096% to 0.72% (.00096 - .0072) in excess of allowable exclusions. Unless expressly provided in the statutes, the term "gross receipts" is the total receipts of a business for goods sold or services rendered and no deduction is made for the cost of goods or property sold, labor costs, interest expense, delivery costs, State or Federal taxes or any other expenses. For additional information visit our website: www.state.de.us/revenue. Select business tax questions, then scroll down to "Tax Tips". After you have filed your application, the Division of Revenue will mail the appropriate forms required to report and pay the Gross Receipts Tax. An initial quarterly return is included in this application to use in filing your first return. Please refer to the table on the next page to determine the tax rate and exclusion amount for your business activity. If you do not receive your pre-printed forms in time to file your second return, call the Business Master File Unit at (302) 577-8778.

DETAILED LIST OF DIVISION OF REVENUE LICENSES AND TAX RATES

Category	Annual Fee	Additional Locations	Tax Rate Effective To 12/31/05	Tax Rate Effective 1/1/06	Returns Due	Exclusion Effective 1/1/99	Exclusion Effective 1/1/06
Advertising Agency	$ 75	$ 25	0.00384	0.00307	Monthly	$ 50,000	$ 80,000
Amusement Machine Owner							
Business License Fee	75	25	0.00384	0.00307	Monthly	50,000	80,000
Each Machine (Decal)	75	–	–	–	–	–	–
Auctioneer Non-Resident Each County	225	225	0.00384	0.00307	Monthly	50,000	80,000
Auctioneer Resident	75	25	0.00384	0.00307	Monthly	50,000	80,000
Broker	75	25	0.00384	0.00307	Monthly	50,000	80,000
*Cigarette							
* Wholesaler and/or Affixing Agent	200	200	–	–	–	–	–
Wholesale Bus. License also needed	75	75	0.00384	0.00307	Monthly	50,000	80,000
* Retail Permit (3 years)	15	–	–	–	–	–	–
Vend. Mach. Decals Ea. Machine	3	–	–	–	–	–	–
*Circus Exhibitor	750	–	–	–	–	–	–
Non-profit Organizations	300	–	–	–	–	–	–
Commercial Feed Dealers	75	75	0.00096	0.00077	Monthly	50,000	80,000
Commercial Lessors	75	25	0.00384	0.00307	Monthly	50,000	80,000
Contractors	75	–	0.00624	0.00499	Monthly	50,000	80,000
Developers	75	–	0.00624	0.00499	Monthly	50,000	80,000
Non-Residents (Bonding Requirements)	75	–	0.00624	0.00499	Monthly	50,000	80,000
Construction Transportation	75	–	0.00624	0.00499	Monthly	50,000	80,000
Drayperson or Mover	75	25	0.00384	0.00307	Monthly	50,000	80,000
Electric Use Tax	–	–	.0425/.0200	Tech Info Memo 97-8 and 97-9			
Farm Machinery Retailer	75	75	0.00096	0.00077	Monthly	50,000	80,000
Finance or Small Loan Agency	450	450	–	–	–	–	–
Food Processors	75	75	0.00192	0.00154	Monthly	50,000	80,000
Gas Use Tax	–	–	.0425/.0200	Tech Info Memo 97-8 and 97-9			
General Services	75	25	0.00384	0.00307	Monthly	50,000	80,000
[1] Grocery Supermarkets	75	25	0.00384	0.00307	Monthly	50,000	80,000
[2] Hotel -- Per Suite / Per Room	30/25	–	0.08	0.08	Monthly	–	–
Lease/Use of Tangible Personal Property							
Motor Vehicles	–	–	0.0192	0.0192	Quarterly	–	–
Other	–	–	0.0192	0.01536	Quarterly	–	–
Lessor of Tangible Personal Property							
Motor Vehicles	75	25	0.00288	0.00288	Quarterly	150,000	240,000
Other	75	25	0.00288	0.0023	Quarterly	150,000	240,000
Manufacturers	75	75	0.0018	0.00144	Monthly	1,000,000	
Manufacturers, Automobile	75	25	0.0018	0.00135	Monthly	1,000,000	
Manufacturers Representative	75	25	0.00384	0.00307	Monthly	50,000	80,000
[2] Motel - Per Room	25	–	0.08	0.08	Monthly	–	–
[7] *Motor Vehicle Dealer	100	–	2.00 ea veh.		Quarterly	–	–
Occupational / Professional	75	25	0.00384	0.00307	Monthly	50,000	80,000
*Outdoor Music Festival Promoter	750	–	–	–	–	–	–
Parking Lot or Garage Operator	75	35	0.00384	0.00307	Monthly	50,000	80,000
Petroleum Dealers							
[3] Retailer	75	25	0.0162	0.00576	Monthly	50,000	80,000
[4] Wholesaler	75	75	0.00384	0.00307	Monthly	50,000	80,000
Photographer - Resident	75	25	0.00384	0.00307	Monthly	50,000	80,000
*Transient - Plus $25 per day	–	–	0.00384	0.00307	Monthly	50,000	80,000
Private Detective (State Police Approval Required)	75	25	0.00384	0.00307	Monthly	50,000	80,000
Public Utilities							
Cable Television	–	–	0.02125	0.02125	Monthly	–	–

DETAILED LIST OF DIVISION OF REVENUE LICENSES AND TAX RATES

Category	Annual Fee	Additional Locations	Tax Rate Effective To 12/31/05	Tax Rate Effective 1/1/06	Returns Due	Exclusion Effective 1/1/99	Exclusion Effective 1/1/06
[5] Electric Utility	–	–	0.0425	0.0425	Monthly	–	–
Gas Utility	–	–	0.0425	0.0425	Monthly	–	–
[6] Telephone	–	–	0.0425	0.0425	Monthly	–	–
Telegraph	–	–	0.0425	0.0425	Monthly	–	–
Real Estate Broker	75	25	0.00384	0.00307	Monthly	50,000	80,000
Restaurant Retailer	75	25	0.00624	0.00499	Monthly	50,000	80,000
Retailer - General	75	25	0.0072	0.00576	Monthly	50,000	80,000
Transient (Registration & Bonding Required)	75	25	0.0072	0.00576	Monthly	50,000	80,000
Transient 10 days or less	25	–	0.0072	0.00576	After 10th day	3,000	
Sales Representative	75	–	–	–	–	–	–
Security Guard Co. (State Police Approval Required)	75	25	0.00384	0.00307	Monthly	50,000	80,000
Security Systems (State Police Approval Required)	115	25	0.00384	0.00307	Monthly	50,000	80,000
Showperson	375	–	–	–	–	–	–
Steam, Gas & Electric	50	1st year	0.001	0.001	Annually		
Taxicab or Bus Operator -- 1st Veh / Each	45	30	–	–	–	–	–
[2] Tourist Home--Per Room (Min. 5 Rooms)	15	–	0.08	0.08	Monthly	–	–
Tire Retailer **(Effective 01/01/07)**	–	–	–	$2.00/tire sold	Monthly	–	–
Trailer Park -- Each Space	10	–	–	–	–	–	–
Transient Nursery Retailer	75	75	–	0.00576	Monthly	–	80,000
Transportation Agent	75	25	–	–	–	–	–
Travel Agency	225	25	–	–	–	–	–
Machine Decals							
Amusement Machine	75	–	–	–	–	–	–
Vending Machine -- Each Machine	5	–	–	–	–	–	–
Cigarette -- Each Machine (Business License Also Needed)	3	–	–	–	–	–	–
Wholesalers	75	75	0.00384	0.00307	Monthly	50,000	80,000

*** Those categories marked with an asterisk (*) are not proratable and the full amount must be paid.**

[1] Grocery Supermarkets –
The **2005** tax rate for the first $2 million is .00384 and .0072 on the remaining taxable gross receipts.
The **2006** tax rate for the first $2 million is .00307 and .00576 on the remaining taxable gross receipts.

[2] Hotels, Motels and Tourist Homes – The eight percent (8%) tax is collected from the guest and remitted to the Division of Revenue.

[3] Petroleum Retailers –
The **2005** composite rate includes the General Fund tax of .0072 and a Hazardous Substance tax of .009.
The **2006** composite rate includes the General Fund tax of .00576 and a Hazardous Substance tax of .009.

[4] Petroleum Wholesalers –
The **2005** composite rate includes the General Fund tax of .00384, a Hazardous Substance tax of .009 and surtax of .0024.
The **2006** composite rate includes the General Fund tax of .00307, a Hazardous Substance tax of .009 and surtax of .00192.

[5] Electric Utility – The tax rate is .02 for electric consumed by manufacturers, food processors and agribusinesses.

[6] Interstate calls are exempt.

[7] Motor Vehicle Dealer – *House Bill 163, effective August, 1999, requires Motor Vehicle Dealers who self-finance any sale of a motor vehicle to a retail buyer without charging interest* to file an original surety bond in the principal sum of $25,000 with the Division of Revenue.

REPORTING OF NEW HIRES

Delaware Law requires that every employer who is required to withhold Delaware income tax from its employees is also required to report the hiring of new employees to the Division of Child Support Enforcement. The report must be made within 20 days of hiring the new employee(s) and must contain the name, address and social security of the employee and the name, address and federal employer identification number of the employer. The report may be made using federal form W-4 or an equivalent form of your choice. The report may be in paper and mailed to Division of Child Support Enforcement, New Hire Reporting, P.O. Box 913, New Castle, DE 19720, faxed to (302) 577-4873 or E-mail to: newhires@state.de.us. Reports may be made by electronic or magnetic media and a multistate employer may elect to report to one state. For more information concerning multistate or magnetic filing, call the Division of Child Support Enforcement at (302) 577-7171. Contact the Customer Service Unit at (302) 369-2160 for specific questions.

UNEMPLOYMENT INSURANCE

In addition to registering as an employer with the Division of Revenue, all employers must file Form UC-1 with the State of Delaware, Department of Labor. Employers are required to pay unemployment insurance taxes with respect to any calendar year if they (a) pay wages of $1,500 or more during any calendar quarter in that year or (b) employ at least one person for 20 days during such calendar year, each day being in a different week. If you have any questions concerning your filing requirements with the Department of Labor you may write to Department of Labor, Division of Unemployment Insurance, P.O. Box 9950, Wilmington, DE 19809 or by calling (302) 761-8484.

PLACES TO FIND ADDITIONAL INFORMATION

DIVISION OF REVENUE

The Office of Business Taxes of the Division of Revenue has a Home Page especially designed for business customers to answer questions and assist business taxpayers in obtaining a business license and meeting their filing requirements. The site also permits a business to file many business taxes using the Internet. The address is http://www.state.de.us/revenue. At the Division of Revenue's Home Page, select "Business Tax" from the side bar menu.

SPECIFIC CONTACTS AT DIVISION OF REVENUE:

TOPIC	CONTACT	PHONE #	E-MAIL ADDRESS
License Registration / Business Tax Forms	Patty Locklear	(302) 577-8250	patricia.locklear@state.de.us
New Business Compliance	Selena Gardner	(302) 577-8447	selena.gardner@state.de.us
Business Tax Systems	Meghan Mitchell	(302) 577-8230	meghan.mitchell@state.de.us
Corporate Refunds /Return Processing	Shirley Gladney	(302) 577-8235	shirley.gladney@state.de.us
Gross Receipts & Withholding Tax	Meghan Mitchell	(302) 577-8230	meghan.mitchell@state.de.us
Business Electronic Funds Transfer	EFT Department	(302) 577-8231	
Business Audit Bureau	Tom Eoppolo	(302) 577-8261	thomas.eoppolo@state.de.us
Affiliated Finance Companies	Steve Seidel	(302) 577-8455	steven.seidel@state.de.us
Business Tax Claims for Refunds	Theresa Graciano Ray Benton	(302) 577-8264 (302) 577-8268	theresa.graciano@state.de.us raymond.benton@state.de.us
Cigarette Tax	Ray Benton	(302) 577-8268	raymond.Benton@state.de.us
Commercial Lessor	Thomas Eoppolo	(302) 577-8261	thomas.eoppolo@state.de.us
Contractors & Developers	Jeanne M. Davis David Graham	(302) 577-8448 (302) 577-8774	jeanne.davis@state.de.us david.graham@state.de.us
Corporate Income Tax Amended Returns	Shirley B. Deans	(302) 577-8258	shirley.deans@state.de.us
Petroleum Superfund Tax	Rick Jezyk	(302) 577-8265	richard.jezyk@state.de.us
Occupational Licenses	Eliott Johns	(302) 577-8262	eliott.johns@state.de.us
Other Tobacco Products	Ray Benton	(302) 577-8268	raymond.benton@state.de.us
Public Accommodations Tax	Steve Seidel	(302) 577-8455	stephen.seidel@state.de.us
Public Utility Tax	Tom Eoppolo	(302) 577-8261	thomas.eoppolo@state.de.us
Realty Transfer Tax	Steve Seidel	(302) 577-8455	stephen.seidel@state.de.us
Telecommunications	Tom Eoppolo	(302) 577-8261	thomas.eoppolo@state.de.us
Transient Retailers	Eliott Johns	(302) 577-8262	eliott.johns@state.de.us
Abandoned Property	Diane Breighner	(302) 577-8220	diane.breighner@state.de.us
Manufacturer	Steve Seidel	(302) 577-8455	stephen.seidel@state.de.us
Retail, General	William Kirby	(302) 577-8259	william.kirby@state.de.us
Wholesale, General	William Kirby	(302) 577-8259	william.kirby@state.de.us

Company Name | Federal Employer Identification Number

SPECIAL REQUIREMENTS FOR CONTRACTORS

ALL RESIDENT AND NON-RESIDENT CONTRACTORS must complete the following check list and attach all required documentation and this form to their Combined Registration Application. Please see the instructions on the back of this form. You should also get a copy Technical Information Memorandum TIM 93-5 for contractors. If you did not receive the required forms or if you have questions, contact the Division of Revenue at (302) 577-8205.

RESIDENT CONTRACTORS ☐

Check Off

1. DEPARTMENT OF LABOR FORM UC-1 (Must be completed and attached even if you do not have employees). ☐
2. INDUSTRIAL ACCIDENT BOARD FORM (Must be completed and attached even if you do not have employees). ☐
3. Will you subcontract? YES ☐ NO ☐ If yes, complete and attach Division of Revenue Form 5060, Statement of Contractors Awarded by General Contractors and Subcontractors. *The civil penalty for failure or refusal to comply with this section is a fine of up to $10,000 for each occurrence.*
4. Are you applying for a business license for bidding purposes only? YES ☐ NO ☐
5. Complete Part C of the Combined Registration Application and attach your check for the license fee. The license fee is not required if the application is being submitted for bidding purposes only. ☐

NON-RESIDENT CONTRACTORS ☐

1. DEPARTMENT OF LABOR FORM UC-1 (Must be completed and attached even if you do not have employees). ☐
2. INDUSTRIAL ACCIDENT BOARD FORM (Must be completed and attached even if you do not have employees). ☐
3. Will you subcontract? YES ☐ NO ☐ If yes, complete and attach Division of Revenue Form 5060, Statement of Contractors Awarded by General Contractors and Subcontractors. *The civil penalty for failure or refusal to comply with this section is a fine of up to $10,000 for each occurrence.*
4. Are you applying for a business license for bidding purposes only? YES ☐ NO ☐
5. Non-resident contractors must supply a bond equal to 6% of the contract(s) totaling $20,000 or more with this application. If you don't have a bonding requirement at this time, check the box on this line and skip item number 6. A bond is required at the time when the total of all contracts exceeds $20,000. ☐
6.

Name & Address of person(s) with whom you have this contract(s)	Contract Period	Contract Amount $

Total Contracts $ _____ x .06 = $ _____ (Amount of Bond)

Type of Bond: ☐ Cash (Attach Form 1125-C) ☐ Surety (Attach Form 1125)

Name of Bonding Company _____ Bond Number _____ Value $ _____

Letter of Credit ☐ Bank Name _____ (Requires Director of Revenue's approval.)

7. Complete Part C of the Combined Registration Application and attach your check for the license fee. The license fee is not required if the application is being submitted for bidding purposes only. ☐

I declare under penalties as provided by law that this application has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement.

Signature | Title | Date

INSTRUCTIONS FOR SPECIAL REQUIREMENTS FOR CONTRACTORS

Please start by completing the State of Delaware Combined Registration Application for State of Delaware Business License and/or Withholding Agent (Form CRA) in its entirety.

Refer to the Technical Information Memorandum 93-5 for specific requirements of Resident and Non-Resident Contractors and Real Estate Developers.

1. The statute requires that all contractors register with the Department of Labor. Form UC-1 must be completed or you must supply a Certificate of Notice issued by the Division of Unemployment Insurance to document such registration.

2. The statute also requires that you show evidence of insurance to pay Workmen's Compensation. You must supply either a copy of Page 1 of your insurance policy **OR** the name, address, and policy number of your carrier **OR** a copy of Form 22 issued by the Industrial Accident Board which certifies your ability to make direct payments of workmen's compensation. Even if you do not have employees, the Division of Industrial Affairs form is required.

3. Every architect, professional engineer, contractor, or construction manager must file with the Division of Revenue a statement of the total value of any contract or subcontract entered into with a non-resident of the State of Delaware within ten (10) days of entering into such contracts. This statement, Form 5060, must include the names and addresses of the contracting parties. The civil penalty for failure or refusal to comply with this section is a fine of up to $10,000 for each such occurrence.

4. Non-Resident Contractors are required to obtain a bond equal to six percent (6%) of the contract amount for all single contracts/subcontracts exceeding $20,000 or when the aggregate of two or more contracts/subcontracts in a calendar year total $20,000 or more. Form 1125, Non-Resident Contractor Bond, may be used to fulfill this bonding requirement. The Division of Revenue will accept an alternative bond form supplied by your bonding company or cash bonds on any contract amount. The contractor's bond must be filed **before** construction commences on any contract for which a bond is required.

   Bonds will be released at the completion of the contract and after a verification that all State tax liabilities have been met. The following information must be supplied at the time of making the request for the release of the bond or a request for a refund of a cash bond.

   1. A copy of the contract award.
   2. Date construction commenced.
   3. Date construction ended.
   4. A schedule by month of payments received.
   5. A list of persons (resident and non-resident), with social security numbers, employed at the construction site.
   6. A Schedule by month of the wages paid to the persons referenced in item #5.

5. If this application is for bidding purposes only, please check the box on line four.

6. Be sure to include your license fee. Your fee is proratable for your initial year, based on what month of the year your business will begin. Only one license fee is required regardless of the number of locations a contractor may have. If you are engaged in any activity other than contracting as described in the Technical Memorandum, you may be required to obtain a separate business license for that activity. The license fee is not required if the application is being submitted for bidding purposes only.

7. Real Estate Development involves the acquisition of land (raw or improved), the building of structures thereon and the sale of the land with structures to a customer. Persons engaged in the business of a Real Estate Developer are subject to the licensing requirements as a contractor and must complete this form. Contractors are permitted to reduce their gross receipts by amounts paid to subcontractors and Real Estate Developers are permitted to further reduce such receipts by expenses incurred in the development of realty (see Technical Information Memorandum 93-5 for details)

BE SURE TO SIGN THE STATEMENT AT THE BOTTOM ON THE COMBINED REGISTRATION APPLICATION AND THE CONTRACTORS FORM.

STATE OF DELAWARE
Mail This Copy With Remittance Payable To
Delaware Division of Revenue
P.O. Box 8995
Wilmington, DE 19899-8995

INITIAL MONTHLY EMPLOYER'S REPORT OF DELAWARE TAX WITHHELD

DO NOT WRITE OR STAPLE IN THIS AREA **089 OR 090**

Employer Identification Number

1 ☐☐–☐☐☐☐☐☐☐

Social Security Number

2 ☐☐☐–☐☐–☐☐☐☐

FOR OFFICE USE ONLY
☐☐☐
☐☐☐
Suffix

BUSINESS NAME AND ADDRESS

MAILING ADDRESS IF DIFFERENT

PAYMENT DUE DATE 15 days after end of month

PAYMENT FOR PERIOD

FROM				TO		
Month	Day	Year		Month	Day	Year

1. AMOUNT WITHHELD AND DUE FOR PERIOD $

2. AMOUNT REMITTED $

X AUTHORIZED SIGNATURE (I DECLARE UNDER PENALTIES OF PERJURY THAT THIS IS A TRUE, CORRECT AND COMPLETE RETURN.) DATE / / TELEPHONE NUMBER

STATE OF DELAWARE
Mail This Copy With Remittance Payable To
Delaware Division of Revenue
P.O. Box 2340
Wilmington, DE 19899-2340

INITIAL QUARTERLY GROSS RECEIPTS TAX RETURN

DO NOT WRITE OR STAPLE IN THIS AREA **028**

Employer Identification Number

1 ☐☐–☐☐☐☐☐☐☐

Social Security Number

2 ☐☐☐–☐☐–☐☐☐☐

FOR OFFICE USE ONLY
S ☐☐☐ B ☐☐☐☐
S ☐☐☐ B ☐☐☐☐
FILING PERIOD

BUSINESS DESCRIPTION

PAYMENT FOR QUARTER ENDING

PAYMENT DUE DATE
Last day of first month following the end of quarter

BUSINESS NAME AND ADDRESS

MAILING ADDRESS IF DIFFERENT

GROSS RECEIPTS

1. TOTAL GROSS RECEIPTS $
2. LESS EXCLUSION $
3. TAXABLE AMOUNT $
4. GROSS RECEIPTS TAX, LINE 3 X TAX RATE = $
5. APPROVED TAX CREDITS $
6. **BALANCE DUE.** SUBTRACT LINE 5 FROM LINE 4 $

X AUTHORIZED SIGNATURE (I DECLARE UNDER PENALTIES OF PERJURY THAT THIS IS A TRUE, CORRECT AND COMPLETE RETURN.) DATE / / TELEPHONE NUMBER

INSTRUCTIONS FOR INITIAL EMPLOYER'S REPORT OF DELAWARE TAX WITHHELD

This form is only to be used for the **FIRST** time filing of your Delaware withholding tax. Withholding returns for new employers are due on the 15th day after the end of the month. If you do not receive your pre-printed forms in time to file your second return, call the Business Master File Unit at (302) 577-8778. If you need **INFORMATION,** contact the Withholding Tax Section at (302) 577-8779.

Enter your Federal Employer Identification Number. If you have applied for a Federal Employer Identification Number and have not yet received it, either use the temporary number assigned by the Division of Revenue or write "Applied For". **Notify the Business Master File Unit at (302) 577-8778 when your number is obtained.** Enter the Business Name, Trade Name if applicable, and the mailing address for your withholding forms. Enter the beginning and ending dates of your filing period.

All filers must enter the total amount withheld for the period on Line 1. The tax is due with the filing of the return.

Enter on Line 2 the amount remitted with this return. If Line 2 does not equal Line 1, please provide an explanation for the difference.

Be sure to sign and date the return and include a telephone number.

INSTRUCTIONS FOR INITIAL LICENSE TAX RETURN

This form is only to be used for **FIRST** time filing of your Delaware gross receipts or excise tax return. If you do not receive your pre-printed forms in time to file your second return, call the Business Master File Section at (302) 577-8778. If you need **INFORMATION,** call the Gross Receipts Tax Section at (302) 577-8780. **DO NOT DUPLICATE** this form. Your filing period is determined by the type of license for which you are paying the gross receipts tax. A separate Initial Gross Receipts Tax Return must be filed for each type of license acquired. Contact the Division of Revenue to receive additional Initial Gross Receipts Tax Returns.

Enter your Federal Employer Identification Number or Social Security Number, whichever is used. You should be using the **SAME** number on **ALL** of your Delaware tax returns. If you are using your Social Security Number until you receive your Federal Employer Identification Number, use that same number on both the Gross Receipts and Withholding Initial returns. **Notify the Business Master File Section at (302) 577-8778 when your Federal Employer Identification Number is obtained.** Enter the Business Name (trade name if applicable) and the address for the location for which you are paying the gross receipts tax. Please provide a mail-to address in the space provided if it is different from the location address. Provide a brief description of your business activity. Use the Detailed List of Revenue Licenses and Tax Rates chart on Pages 6 & 7 to find the tax rate and exclusion and provide the Quarter Ending Date (03/31/YY, 06/30/YY, etc). The return is due on the last day of the first month following the tax period ending e.g. the return for the tax period ending March 31, 2000 is due on April 30, 2000.

Line 1. Enter the total gross receipts for the period.
Line 2. Enter the amount of the allowable quarterly exclusion using the Rate Chart on Page 6.
Line 3. Subtract Line 2 from Line 1. This is the Taxable Amount of Gross Receipts.
Line 4. Using the Rate Chart on Page 6, determine the proper Tax Rate for your category, enter this tax rate and multiply Line 3 by this rate and enter result on Line 4.
Line 5. Enter the amount of **approved** license gross receipt credits such as New Business Facility or Travelink.
Line 6. **Balance Due. Subtract Line 5 from Line 4 and enter result on Line 6.**

Please be sure to sign, date and provide a telephone number.

COUNTY AND LOCAL GOVERNMENT

ALTHOUGH A DELAWARE DIVISION OF REVENUE BUSINESS LICENSE IS AN IMPORTANT STEP IN TAX COMPLIANCE, EACH BUSINESS MUST ALSO CONFORM TO ZONING REQUIREMENTS WITH THE COUNTY AND/OR CITY OR TOWN IN WHICH IT IS LOCATED. A DELAWARE DIVISION OF REVENUE BUSINESS LICENSE DOES NOT EXEMPT YOU FROM COMPLIANCE WITH THE RESPECTIVE COUNTY ZONING ORDINANCES.

NEW CASTLE COUNTY

New Castle County permits business activities to principally occur in office, commercial and industrial zoning districts. Before commencing a new business activity, the proprietor should contact the Department of Land Use at (302) 395-5400, to ascertain whether the activity is permitted. A New Castle County contractor registration or license is required of proprietors of construction and construction-related businesses. The Department of Land Use will provide a zoning certification for a $50 fee. The Licensing Division issues contractor registrations, contractor licenses and occupancy or use certifications, depending on the proposed activity. The address is 87 Reads Way, Corporate Commons, New Castle, Delaware 19720. New Castle County jurisdiction is limited to the unincorporated areas of the County.

KENT AND SUSSEX COUNTIES

Visit or contact the Kent County Department of Inspections & Enforcement or the Sussex County Department of Planning to verify that your business is zoned properly. First, this will ensure that your business is in compliance with the regulation for the Zoning District in which your business is located. Secondly, it will allow you to determine whether you would be able to expand your business (in size or level of activity) in the future, or apply for a conditional use or rezoning. When you have verified that your business is zoned properly, you will need to obtain a Zoning Certificate of Use or Certificate of Zoning. Except for the town of Ellendale, Kent and Sussex Counties jurisdiction is limited to unincorporated areas of the respective County.

Kent County:
Kent County Service Center
Department of Inspections & Enforcement
Room 303, Robert W. O'Brien Bldg.
414 Federal Street
Dover, DE 19901
Telephone (302) 744-2453
FAX (302) 736-2200

Sussex County:
Department of Planning and Zoning
1st Floor-Sussex County Administrative Office Bldg.
P.O. Box 417
Georgetown, DE 19947
Telephone (302) 855-7878
FAX (302) 854-5079

REGULATORY AGENCIES, CITIES AND TOWNS

The Division of Revenue business license that will be issued by the completion of this application is not a regulatory license nor does it attest to the workmanship of the licensee to perform the listed activity or the quality of the goods sold. The Division of Professional Regulation issues regulatory licenses which require certification of the applicant. Additionally, other Delaware agencies require licensing and certification of selected business activities. A **Small Business Start-Up Guide and Resource Book** is available at the Delaware Economic Development Office and the Division of Revenue which explains these requirements.

Many cities and towns also require a business license to operate in the respective jurisdiction and the City of Wilmington imposes a net profits tax on businesses located within the City. It is suggested that you contact the local government office in which you intend to conduct business.

IMPORTANT INFORMATION FROM THE DELAWARE ECONOMIC DEVELOPMENT OFFICE AND YOUR LOCAL CHAMBERS OF COMMERCE

The Delaware Economic Development Office (DEDO) is the state agency responsible for Delaware's business and tourism development efforts. The DEDO staff works to encourage the retention and expansion of existing businesses and the recruitment of new businesses to Delaware. DEDO can provide existing and new businesses with a range of services including technical assistance, financing, exporter assistance, permitting assistance, employee training and statistical data. For more information, contact DEDO at 99 Kings Highway, P.O. Box 1401, Dover, Delaware 19903 302/739-4271.

Chambers of Commerce also provide a wide array of services for businesses. Use the following listing to contact the State, County or Local Chambers for information.

DELAWARE CHAMBERS OF COMMERCE

NEW CASTLE COUNTY

Delaware State
Chamber of Commerce
1201 N. Orange Street, Ste. 200
PO Box 671
Wilmington DE 19899-0671
302/655-7221
800/292-9507

Middletown Area
Chamber of Commerce
P.O. Box 1
Middletown DE 19709-0001
302/378-7545

New Castle County
Chamber of Commerce
County Commerce Office Park
P.O. Box 11247
Wilmington DE 19850
302/737-4343

KENT COUNTY

Central Delaware
Chamber of Commerce
Suite 2-A
9 East Loockerman Street
Dover DE 19901
or
P.O. Box 576
Dover DE 19903-0576
302/734-7513

Greater Milford
Chamber of Commerce
11 S. DuPont Blvd.
PO Box 805
Milford DE 19963-0805
302/422-3344

SUSSEX COUNTY

Bethany-Fenwick Area
Chamber of Commerce
P.O. Box 1450
Bethany Beach DE 19930-1450
302/539-2100
800/962-7873

Delmar
Chamber of Commerce
PO Box 416
Delmar DE 19940-0416
302/846-3336

Greater Georgetown
Chamber of Commerce
P.O. Box 1
Georgetown DE 19947-0001
302/856-1544

Greater Millsboro
Chamber of Commerce
P.O. Box 187
Millsboro DE 19966-0187
302/934-6777

Greater Seaford
Chamber of Commerce
P.O. Box 26
Seaford DE 19973-0026
302/629-9690

SUSSEX COUNTY

Laurel
Chamber of Commerce
P.O. Box 696
Laurel DE 19956-0696
302/875-9319

Lewes
Chamber of Commerce &
Visitors Bureau
P.O. Box 1
Lewes DE 19958-0001
302/645-8073

Milton
Chamber of Commerce
210 Union Street
P.O. Box 526
Milton DE 19968
302/684-1101
302/684-2509 (FAX)
Rehoboth-Dewey
Chamber of Commerce
501 Rehoboth Avenue
P.O. Box 216
Rehoboth Beach DE 19971-0216
302/227-2233
800/441-1329

Selbyville
Chamber of Commerce
P.O. Box 1150
Selbyville DE 19975-1150
302/436-5526

STATE OF DELAWARE
Department of Finance
Division of Revenue
820 N. French Street
P.O. Box 2340
Wilmington, Delaware 19899-2340

STATEMENT OF PAYMENTS
MADE BY GENERAL CONTRACTORS
TO SUBCONTRACTORS

FORM 1280

THIS FORM MUST BE ATTACHED TO CONTRACTOR'S MONTHLY GROSS RECEIPT TAX COUPON TO SUBSTANTIATE PAYMENTS TO SUBCONTRACTORS

1. Enter Federal Employee Identification Number OR Social Security Number

1 - ☐☐ - ☐☐☐☐☐☐☐ 2 - ☐☐☐ - ☐☐ - ☐☐☐☐

2. Name

3. Address

4. General Contractors Total Monthly Gross Receipts: Month _____ $ _____

5. Less Payments to Subcontractors:

Name &. Address	Employer ID No./ Business Code*	Amount of Payment/ DE Business License No.
►		
►		
►		
►		
►		

(See reverse side for additional space.)

6. Total Payments to Subcontractors $ _____

7. Total Taxable Gross Receipts for the Month: $ _____

* Business Codes 331, 332, 335 or 336. See Reverse side of this form for listing of activities not deductible as amounts paid to subcontractors.

SIGNATURE TITLE DATE

Payments to Subcontractors

Month/Year _____

Name & Address	Employer ID No./ Business Code*	Amount of Payment/ DE Business License No.
►		
►		
►		
►		
►		
►		
►		
►		
►		
►		
►		

* Business Codes 331, 332, 335 or 336 only.

(Form 1280 - Revised 10/2006)

LINE-BY-LINE INSTRUCTIONS

FORM 1280

1. Enter the account number, either federal employer identification or social security number, from the gross receipt coupon book.
2. Enter the name of the contractor.
3. Enter the address of the contractor.
4. Enter the month and year for which the gross receipts tax is being reported and the amount of the gross receipts. (Enter this amount on Line 1 of the gross receipt coupon.)
5. List the names, addresses, employer identification numbers, business codes (331, 332, 335 or 336 only), amount of payments made to subcontractors amd subcontractor's current Delaware business license number. **Payments to subcontractors without a current business license will be denied.**
6. Enter the total amount of payments made to subcontractors. (Enter this amount on Line 2 of the gross receipts coupon.)
7. Subtract Line 6 from Line 4 and enter here. (Enter this amount on Line 3 of the gross receipt coupon.)

The following is a listing of activities/expenses which are NOT DEDUCTIBLE as amounts paid to subcontractors:

Accounting Expenses
Advertising
Architects
Attorneys
Cleaning
Construction Management
Delivery or transportation charges
Employment Agencies or temporary employees
Engineers
Environmental Studies
Equipment Rental
Exterminators
Hauling
Horticulture
Inspections
Interior Designers/Decorators
Material supplied without labor
Operating Expenses
Realtors
Sanitation
Security
Surveyors
Taxes or other fees paid to any state, county, city or municipality
Trailer Rentals
Trash Removal
Utility Expenses

STATE OF DELAWARE
Department of Finance
Division of Revenue
820 N. French Street
P.O. Box 2340
Wilmington, Delaware 19899-2340

DEDUCTIONS FOR AMOUNTS PAID TO SUBCONTRACTORS BY CONTRACTORS AND DEDUCTIONS FOR DEVELOPMENT OF REALTY

FORM 1280-DEV

THIS FORM IS TO BE USED BY BUSINESS CODES 332 AND 336 ONLY AND MUST BE ATTACHED TO CONTRACTORS/DEVELOPERS GROSS RECEIPT TAX COUPON TO SUBSTANTIATE PAYMENTS TO SUBCONTRACTORS AND DEDUCTIONS FOR DEVELOPMENT OF REALTY

1. Enter Federal Employee Identification Number OR Social Security Number

1 - ☐☐ - ☐☐☐☐☐☐☐ 2 - ☐☐☐ - ☐☐ - ☐☐☐☐

2. Name

3. Address

4. General Contractors Total Monthly Gross Receipts: Month/Year _____ $ _____
(Enter on Line 1 of Gross Receipts Coupon, including proceeds from development activities)

5. PART A: Less Payments to Subcontractors:

Name &. Address	Employer ID No.	Amount of Payment/ Delaware Business License No.
►		
►		
►		
►		

(See Reverse Side for Additional Space)

TOTAL PART A. (Attach separate schedule if additional space is needed) _____

TOTAL PART B. Realty Development Expenses
(From Line 10 on Back of Form) _____

TOTAL PART C. Miscellaneous Expenses
(From Line 11 on Back of Form) _____

TOTAL PART D. Election to Deduct 30% of Gross Receipts from Sale of Property
(From Line 12 on Back of Form) _____

6. **Total Payments to Subcontractors & Development Expenses:** $ _____
Add Parts A & B & C OR A & D and enter on Line 2 of Gross Receipts Coupon

7. **Total Taxable Gross Receipts for the Month:** $ _____
Subtract Line 6 from Line 4 and enter on Line 3 of Gross Receipts Coupon

I declare under penalties as provided by law that the information on this form is true, correct and complete.

SIGNATURE _____ TITLE _____ DATE _____

Contracts have been awarded to the following nonresident contractors and nonresident subcontractors:

Name & Address	Employer ID No.	Amount of Payment/ DE Business License No.
►		
►		
►		
►		
►		
►		
►		
►		
►		
►		
►		

Contractor Name _____ TPID _____ Tax Period _____

(The information requested below is required for each development from which a lot was sold during the reporting period.)

Name of Development _____

Development Address _____

_____

_____

(1.) Number of Properties/Lots sold this period. _____

(2.) Number of Properties/Lots within this development. _____

(3.) Percentage of Properties/Lots sold this period. _____
[Divide Line (1.) by Line (2.)]

(4.) Total Number of Properties/Lots sold to date _____

PART B: Total Cost of Realty Development Expenses

a. Cost of Raw land _____

b. Site Improvement _____
(Clearing. grading, streets, water. power &. other utilities)

c. Engineering Costs _____
(Rezoning &. subdivision costs only)

d. Legal Fees _____
(Rezoning &. subdivision costs only)

e. Interest cost associated with acquisition &. development of the site regardless of whether interest has been expended or capitalized for federal income tax purposes. (Allocated on a per lot basis.) _____

f. Decorating & space planning costs associated with model home(s). _____

8. Total (Part B) (Add lines a. - f. and enter here.) . . . . . _____

9. Enter the percentage from Line (3.) above. _____

10. Total. (Multiply Line 8. by Line 9. and enter here and on Line 5, Part B.) . . . . . _____

PART C: Miscellaneous Expenses Attributable to Lots Sold this Tax Period.

a. Developers share of Realty Transfer Tax _____

b. Real estate fees/commissions (Maximum 2% of gross proceeds) _____

c. Sales concessions to buyers deducted from sellers funds at settlement. _____
(Points, settlement help, etc.)

d. Other costs associated with **<u>the Lots sold this tax period</u>** _____
(other than general administrative &. overhead). Attach a statement identifying such costs.

11. Total (Part C) (Add lines a. - d. and enter here and on Line 5, Part C.). . . . . _____

PART D: Election to Deduct 30% of Gross Receipts from the Sale of Property. An election to use the standard 30% deduction is irrevocable for a period of one year from the date of such election.

a. Gross receipts from sale of property for this tax period. _____

b. Standard 30% deduction. _____ **x** **30%**

12. **Total (Part D)** (Multiply Line a. by Line b. (30%) and enter here and on Line 5, Part D.). . . . _____

NOTE: PAYMENTS DEDUCTED UNDER PART B MAY BE NOT DEDUCTED AGAIN UNDER PART C. IF PART "D" ELECTION IS CHOSEN, TAXPAYER MAY NOT CLAIM DEDUCTIONS UNDER PARTS B & C.

A partial list of non-deductible items for Contractors and Real Estate Developers is contained on Page 7. Section IV, D, of Division of Revenue Tax Information Memorandum 93-5 dated August 19, 1993.

This page must accompany Form 1280-DEV and be attached to the monthly or quarterly gross receipts coupon.

LINE-BY-LINE INSTRUCTIONS

FORM 1280-DEV

1. Enter the account number, either federal employer identification or social security number, from the gross receipt coupon book.
2. Enter the name of the contractor.
3. Enter the address of the contractor.
4. Enter the month and year for which the gross receipts tax is being reported and the amount of the gross receipts. (Enter this amount on Line 1 of the gross receipt coupon.)
5. List the names, addresses, employer identification numbers, business codes (331, 332, 335 or 336 only), amount of payments made to subcontractors and subcontractor's current Delaware business license number. **Payments to subcontractors without a current business license will be denied.**
6. Enter the total amount of payments made to subcontractors. (Enter this amount on Line 2 of the gross receipts coupon.)
7. Subtract Line 6 from Line 4 and enter here. (Enter this amount on Line 3 of the gross receipt coupon.)

The following is a listing of activities/expenses which are NOT DEDUCTIBLE as amounts paid to subcontractors:

Accounting Expenses
Advertising
Architects
Attorneys
Cleaning
Construction Management
Delivery or transportation charges
Employment Agencies or temporary employees
Engineers
Environmental Studies
Equipment Rental
Exterminators
Hauling
Horticulture
Inspections
Interior Designers/Decorators
Material supplied without labor
Operating Expenses
Realtors
Sanitation
Security
Surveyors
Taxes or other fees paid to any state, county, city or municipality
Trailer Rentals
Trash Removal
Utility Expenses

STATE OF DELAWARE
Department of Finance
Division of Revenue
Attn: David M. Smith, MS 25
P.O. Box 8911
Wilmington, Delaware 19899-8911

STATEMENT OF CONTRACTS AWARDED BY GENERAL CONTRACTORS AND SUBCONTRACTORS

FORM 5060

REV CODE 0028-16

THIS FORM MUST BE COMPLETED BY ALL CONTRACTORS WHO USE NON-RESIDENT SUBCONTRACTORS

1. Enter Federal Employee Identification Number OR Social Security Number

1 - ☐☐ - ☐☐☐☐☐☐☐ 2 - ☐☐☐ - ☐☐ - ☐☐☐☐

2. Name (Submitted by: General Contractor Architect Engineer {Circle One})

3. Business Name if Different from Above

4. Business Location Address

City State Zip Code

5. Location of Project

City State Zip Code

6. Contract have been awarded to the following nonresident contractors and nonresident subcontractors:

Name & Address	Employer ID No./ Date of Award	Amount of Contract/ DE Business License No.
►		
►		
►		
►		
►		

(See back of return for additional space.)

Signature Title Telephone No. Date

Contracts have been awarded to the following nonresident contractors and nonresident subcontractors:

Name & Address	Employer ID No./ Date of Award	Amount of Contract/ DE Business License No.
►		
►		
►		
►		
►		
►		
►		
►		
►		
►		
►		

LINE-BY-LINE INSTRUCTIONS

FORM 5060

1. Enter the account number, either federal employer identification or social security number, from the gross receipt coupon book.
2. Enter the name of the contractor.
3. Enter the address of the contractor.
4. Enter the month and year for which the gross receipts tax is being reported and the amount of the gross receipts. (Enter this amount on Line 1 of the gross receipt coupon.)
5. List the names, addresses, employer identification numbers, business codes (331, 332, 335 or 336 only), amount of payments made to subcontractors and subcontractor's current Delaware business license number. **Payments to subcontractors without a current business license will be denied.**
6. Enter the total amount of payments made to subcontractors. (Enter this amount on Line 2 of the gross receipts coupon.)
7. Subtract Line 6 from Line 4 and enter here. (Enter this amount on Line 3 of the gross receipt coupon.)

The following is a listing of activities/expenses which are NOT DEDUCTIBLE as amounts paid to subcontractors:

Accounting Expenses
Advertising
Architects
Attorneys
Cleaning
Construction Management
Delivery or transportation charges
Employment Agencies or temporary employees
Engineers
Environmental Studies
Equipment Rental
Exterminators
Hauling
Horticulture
Inspections
Interior Designers/Decorators
Material supplied without labor
Operating Expenses
Realtors
Sanitation
Security
Surveyors
Taxes or other fees paid to any state, county, city or municipality
Trailer Rentals
Trash Removal
Utility Expenses

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

NAME: _____

ADDRESS: _____

FED ID OR SSN: _____

Attention License Department:

Taxpayer(s) does not have any contract(s) that accumulate over $20,000.00 at this time, nor does (s)he foresee any in the near future.

When the taxpayer(s) comes to the point in time where their contract(s) have accumulated to over $20,000.00, the taxpayer is aware and will fulfill the bonding requirements.

_____
Signature

_____
Print Name

_____
Date

NON-RESIDENT CONTRACTOR BOND

DIVISION OF REVENUE
820 N FRENCH STREET
WILMINGTON, DE 19801

BOND NO._____

STATE OF DELAWARE

Know All Men by These Presents that we _____

_____

as Principal, and _____, a corporation duly incorporated under the laws of the

State of _____ as Surety, are held and firmly bound unto the State of Delaware

in the sum of _____Dollars ($_____),

lawful money of the United States of America for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents:

SEALED WITH OUR SEALS and dated this _____day of _____20_____

WHEREAS, the above named Principal the _____ day of _____20 _____ duly began operations within Delaware with respect to a contract on which it will be subject to certain liabilities to the State of Delaware, Division of Revenue and Department of Labor and whereas, this bond is an amount of six percent (6%) of the contract, is undertaken to guarantee payment to the State of Delaware of said liabilities.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH that if the said Principal shall faithfully report and pay all State of Delaware liabilities together with any penalties and interest thereon, and shall honestly account for all money withheld as trustee for the State of Delaware during said period, then this obligation shall be void; otherwise, it shall remain in full force and effect until such obligations are paid in full.

Signed, sealed and delivered in the presence of

_____ _____
Principal

_____
Indemnity Company

_____
Attorney-in-Fact

TO BE FILLED IN BY PRINCIPAL

Delaware License No. _____ Employer's Federal ID No. _____

RECEIPT FOR
NON-RESIDENT CONTRACTOR
CASH BOND

DIVISION OF REVENUE
820 N FRENCH STREET
WILMINGTON, DE 19801

STATE OF DELAWARE

RECEIVED OF _____, a contractor, non-resident of the State of Delaware, this _____ day of_____,20_____,$_____ (Check no. _____ / U.S. Currency) in payment of a cash bond in satisfaction of the aforesaid contractor's obligations under Section 375, Title 30, Delaware Code to guarantee payment of certain liabilities as set forth in said Section 375.

The contractor understands that, should the value of contracts undertaken in Delaware exceed $ _____, prior to commencing work on such contracts, this bond is required to be increased according to law.

For the Division of Revenue:

_____ _____
Contractor

Contractor's Federal E.I. Number: _____

FORM 1125 - C

UC-1 01/06
Document 60 06 01 06 01 01

DELAWARE DEPARTMENT OF LABOR

STATE OF DELAWARE
DEPARTMENT OF LABOR
DIVISION OF UNEMPLOYMENT INSURANCE
PO BOX 9953 WILMINGTON DE 19809-0953
302-761-8482

This report is to be filled in and returned to this office within 10 days of its receipt whether or not you are liable for assessments under Part III, Title 19, Delaware Code.

REPORT TO DETERMINE LIABILITY AND IF LIABLE APPLICATION FOR EMPLOYER ACCOUNT NUMBER

(DO NOT FILL IN THIS SPACE)
Employer Number_____
Ind. Code and Area _____
Effective Date of Liability_____
Assessment Rate _____
Status Date _____

FILL IN WITH TYPEWRITER OR PRINT IN INK - ALL QUESTIONS MUST BE ANSWERED

1. Name of Employer and Trade Name, if any:

1a. Federal Employer's Identification Number:

2. Street Address and **Telephone Number** of Main Office:

3. Address to which employer's report forms and mail are to be sent. Outside representative must file a **notarized** power of attorney.

3a. E-Mail Address:

4. Have you previously filed an application for a Delaware U.I. account number? **Yes** ☐ **No** ☐

5. Have you:
- ☐ 1. Started a new business
- ☐ 2. Purchased a going business (Attach Explanation)
- ☐ 3. Just begun having employment
- ☐ 4. Reorganized (Attach Explanation)
- ☐ 5. Other (Attach Explanation)

6. Ownership Information

Is business publicly held? **Yes** ☐ **No** ☐
If yes, provide name and Federal Employer Identification Number of controlling entity:

If no, complete ownership information below. If more than one owner, attach additional information. Percentage of ownership must total 100%

Name

Social Security Number

Address

% of Ownership

7. On what date did you first employ any workers in Delaware?

7a.Will gross payroll meet or exceed $1500.00 in either 3rd or 4th Quarter?
Yes ☐ **No** ☐

8. Are you liable as an employer under the Unemployment Compensation Laws in any other state?

Yes ☐ **No** ☐

9. Do you own or control any other employing unit in Delaware?

No ☐
Yes ☐ Account #_____

10. State total number of workers in covered employment in Delaware and total payroll by calendar quarter. If unknown, you may estimate these numbers.

Effective 1/1/96, wages of all corporate officers are reportable.

	MARCH		JUNE		SEPT.		DEC.	
	Employees	Payroll	Employees	Payroll	Employees	Payroll	Employees	Payroll
2002								
2003								
2004								
2005								
2006								

11. Check (✓) form of organization
- ☐ Individual
- ☐ Partnership
- ☐ Delaware Corporation
- ☐ Out-Of-State Corporation
- ☐ Non-Profit
- ☐ Estate or Trust
- ☐ **LLC (attach # Form 8832) or written explanation**

11a. Date of Incorporation
_____

COMPLETE REPORT ON REVERSE SIDE AND SIGN

12. NATURE AND LOCATION OF BUSINESS IN DELAWARE (Indicate in sections a,b,c,d, and e).

(a). Street Address (Number & Name)

(b). City/County (c). Zip Code

(d). Principal Types of Activity (Manufacturer Wood Furniture, Food Super Market, Truck Rental Etc.) EXPLAIN FULLY	Percent of Total	(e). Principal Products or Services (Leather Gloves, Electric Motors, TV Repairs, etc.) EXPLAIN FULLY	Percent of Total
Total	**100.00**	**Total**	**100.00**

13. Will any employee work primarily in Delaware? **Yes** ☐ **No** ☐
If yes, skip 13(a). Go to #14
If no, complete 13(a) before going to #14.

13(a). Will any employee perform **some** work in Delaware? **Yes** ☐ **No** ☐
If no, go to #14
If yes, attach explanation. For each employee who does not work primarily in Delaware, list all States where work is performed, the State where the base of operations is located, the State from which work is directed, and the employee's State of residence.

14. Name, title, address and telephone number of officer or representative to furnish payroll information.

15. Have you acquired the organization, trade or business, or substantially all the assets of another employing unit? **Yes** ☐ **No** ☐
If yes, provide the name and Federal Identification Number of the acquired entity.

16. If you have reorganized, has the ownership and management remained substantially the same? **Yes** ☐ **No** ☐

THIS REPORT MUST BE SIGNED HERE BY THE OWNER OR DULY AUTHORIZED REPRESENTATIVE

It is hereby certified that the information in this report and in any attached sheets is true and correct, to the best of my knowledge, and is submitted with the full knowledge that there are penalties prescribed by law for misstatements. **Application will not be processed without an authorized signature.**

(Original Signature Required)

Title _____ Date _____

(Business Name)

NON-PROFIT EMPLOYERS ONLY

17. (a). Please submit the following documents:
(1) Copy of charter or articles on incorporation and by-laws
(2) Copy of Internal Revenue Status under IRS Code (Sec. 501-a)

(b). Do you have in your employ four (4) or more employees? **Yes** ☐ **No** ☐

(c). Do you elect the reimbursement method in lieu of paying assessments? **Yes** ☐ **No** ☐
If yes, the department will send you form COM-4069.

(d). Do you wish to make reimbursement payments with another employer and establish a group account? **Yes** ☐ **No** ☐
If answer is yes, list the names and addresses of all employers in the group and the name and address of the group representative who will act as the agent responsible for the disbursement of timely payments to the State of Delaware.

DEPARTMENT OF LABOR
DIVISION OF INDUSTRIAL AFFAIRS
INDUSTRIAL ACCIDENT BOARD

On behalf of the company/individual named below, I/we certify that workers' compensation insurance coverage is in force for all employees as required under the provisions of the workers' compensation laws of this state.

BUSINESS NAME: _____

FED. E.I./S.S. NO.: _____

ADDRESS: _____

_____

CITY, STATE, ZIP: _____

(1) CHECK THE APPROPRIATE LINE
(2) COMPLETE NAME OF CARRIER. IF INFORMATION IS CHECKED

_____ Copy of Certificate of Insurance attached).

_____ Copy of Self-Insurance under Delaware Law attached).

_____ Name of Carrier: _____

Address: _____

Policy Number: _____

_____ I/we have no employees.

Under penalties of perjury, I/we declare that this document is true and correct.

_____
Signature

_____
Date

_____
Title

Division of Revenue is to forward a copy of this form to the Industrial Accident Board upon completion by applicant.

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

DIVISION OF REVENUE
TECHNICAL INFORMATION MEMORANDUM 93-5 **AUGUST 19, 1993**

I. INTRODUCTION

This Technical Information Memorandum, constitutes the Division of Revenue's Regulations with regard to contractor licensing and bonding requirements under 30 Del. C. §375; 30 Del. C. §§2501, 2502 and 2503. These regulations are promulgated under 30 Del. C. §§21O3 and 563.

II. SUMMARY OF REQUIREMENTS

A. Section 375 Requirements (Non-Residents)

1. Surety bonds in the amount of 6% of the amount of the contract(s) or subcontract(s) requiring the provision of labor or labor and material are required for all non-resident contractors for contracts within the State of Delaware in which either:

   (a) The single contract or subcontract totals $20,000 or more; or

   (b) The contract or subcontract is a “cost-plus” contract whose estimated cost-and-profit totals $20,000 or more; or

   (c) The aggregate of two or more contracts or subcontracts in a calendar year totals $20,000 or more.

2. The Division of Revenue will accept cash bonds irrespective of the size of the contract or contracts covered by the bond. The Director of Revenue will, by application, accept bank letters of credit to fulfill the bonding requirements. Requests for authorization to accept bank letters of credit should be made by letter to the Director of Revenue. The bank issuing or confirming a letter of credit presumptively must be a bank authorized to do banking business within Delaware.

3. The contractor's bond shall be filed before construction commences on any contract upon which a bond is required pursuant to 30 Del. C. § 375, as outlined in Paragraphs 1 (a)-(c) above.

4. A non-resident contractor having a valid contract with the Delaware Department of Transportation. (DelDot) and having fulfilled the DelDot bonding requirements shall be deemed to have complied with the bonding requirements as outlined in Paragraphs 1 (a)-(c) above.

5. The civil penalty for failure or refusal to comply with this section is a fine of up to $10,000 for each such occurrence.

6. Willful or knowing noncompliance with this section constitutes a crime punishable by a fine of up to $3,000 and/or imprisonment of up to six (6) months.

B. Chapter 25 Requirements

1. Any person desiring to engage in business as either a contractor or subcontractor in the State of Delaware, whether such person is a resident or non-resident of Delaware, must obtain a license from the Division of Revenue. The licensing fee is $75.00 per year (proratable the first year). This license will not be issued to any person, however, until the following conditions have been met:

   (a) All Section 375 (30 Del. C. § 375) requirements have been met, including when appropriate, compliance with the bonding requirements discussed in Paragraph II. A. of this memorandum.

   (b) The contractor complies with the contractors' license application requirements including documenting compliance with unemployment and workers' compensation laws as enforced by the Department of Labor and Industrial Accident Board. As part of these requirements, the contractor must file a Form UC-l issued by the Department of Labor and furnish a clear photocopy of the first page of the contractors' worker compensation policy or proof of approved self-insurance. These forms are obtainable as part of the Contractors' Licensing Packet issued by the Division of Revenue. Contractors should submit completed forms to the Division of Revenue, which will forward these forms to the respective agencies.

   (c) If the contractor has already met all unemployment insurance requirements at the time of applying for a Revenue license, the contractor must nonetheless re-file a form UC-l with the Division of Revenue or submit a Certificate of Notice issued by the Division of Unemployment Insurance.

2. In the case of contracts in excess of $50,000 which are competitively bid, the contractor or subcontractor shall have initiated the license application procedure with the Division of Revenue prior to, or in conjunction with, the submission of a bid on a contract, or in the case of a subcontractor, prior to the submission of a bid by the general contractor.

3. Every architect, professional engineer, contractor, or construction manager must file with the Division of Revenue a statement of the total value of any contract or subcontract entered into with a non-resident of the State of Delaware within ten (10) days of entering into such contract. This statement (Form 5060) must include the names and addresses of the contracting parties, along with their Federal Employer Identification or Social Security number (whichever is on their Division of Revenue business license), the date the contract was awarded and amount of the contract.

4. The civil penalty for failure to comply with the provisions of this section shall be a fine in the amount of up to $10,000 for each such occurrence.

5. Willful or knowing failure to comply with the provisions of this section constitutes a crime punishable- by a fine of up to $3,000 and/or imprisonment of up to six (6) months.

III. RELEASE OF BONDS

The Division of Revenue procedure to release a contractor bond is as follows:

After completion of a bonded contract, the contractor or subcontractor must notify the Division of Revenue in writing of completion and request cancellation of the bond. The Division of Revenue, upon receipt of the Bond Cancellation Request will take the following steps:

1. Examine Division of Revenue records to determine compliance with all state taxes and licensing fees. Accounts receivable records will also be checked for any outstanding balance due and owing the State of Delaware.

2. Contact the Department of Labor to determine compliance with all unemployment insurance requirements.

3. Upon determination that both Division of Revenue and Department of Labor requirements have been fulfilled, the Division of Revenue, in the case of a surety bond, will send a final release to both the surety company and the contractor or subcontractor acknowledging such compliance, and the bond will thereafter be released pursuant to the surety company's procedures.

4. If it is determined that the contractor or subcontractor has not complied with any State of Delaware obligations, the Division of Revenue will notify both the surety company and the contractor or subcontractor as to the nature and amount of the obligations due and owing to the State of Delaware.

5. Upon fulfillment of all outstanding State of Delaware obligations, the surety company and contractor or subcontractor will be so notified, and the bond will thereafter be released pursuant to the surety company's procedures.

6. In the case of a cash bond, the Division of Revenue will notify the contractor or subcontractor of either compliance or noncompliance with Delaware law. If noncompliance is found, the Division of Revenue will inform the contractor or subcontractor as to the type and extent or the outstanding obligation. Upon determination of the contractors' or subcontractors' compliance with all applicable laws and, following receipt of the Department of Labor's notice thereof, the cash bond will be released. Cash bonds will be released by mailing a State of Delaware check in, an appropriate amount to the contractors' or subcontractors' place of business upon completion of the required investigations.

IV. DEFINITIONS:

A. Definitions Relating to Contractors

1. "Contractor" includes every person engaged in the business of furnishing labor or both labor and materials in connection with all or any part of the construction, alteration, repairing, dismantling or demolition of buildings, roads, bridges, viaducts, sewers, water and gas mains and every other type of structure as an improvement, alteration or development of real property; a person is a contractor whether he is a general contractor or a subcontractor, or whether he is a resident or a non-resident. A real estate developer is included within the definition of a contractor to the extent the developer's activities come within the above definition.

2. "Subcontractor" means any person, partnership, firm, corporation or other business association or entity which enters into a contract (oral or written) directly with a prime contractor or directly with another subcontractor, to perform labor or to perform labor and provide materials in connection with such labor, on a site of contract construction located in this State.

3. "Resident Contractor" or "Resident Subcontractor" includes any general contractor, prime contractor, construction manager, subcontractor or other type of construction contractor who regularly maintains a place of business in Delaware. Regularly maintaining a place of business in Delaware does not include site trailers or other facilities serving only one contract or related set of contracts.

If any such contractor entity is itself composed of more than one entity (as in a partnership or joint venture) the contractor entity shall itself be treated as a separate entity, which must comply with the provisions of 30 Del. C. §375, and §§2501-2503, to the extent they are otherwise applicable. If at least one of the constituent entities making up the contractor entity regularly maintains a place of business in this State, such contractor entity shall be construed to be a "resident" or "resident person" or "resident contractor" of this State. If none of such constituent entities regularly maintains a place of business in this State, such contractor entity shall be construed to be a "non-resident" and a "nonresident person".

If any contractor is not composed of more than one constituent entity in a partnership or joint venture or some other legal relationship, and if such contractor regularly maintains a place of business in this State, such contractor shall be construed to be a "resident contractor." This definition shall not be construed to mean that a post office box, site trailer, or similar temporary structure constitutes a "main office" for purposes of these sections. The statute is intended specifically to exclude such temporary structures or temporary offices or offices from the definition of "resident" or "resident contractor" or "resident subcontractor." Thus, use of a post office box or temporary structure such as a site trailer does not constitute residency for purposes of either 30 Del. C. §375, or 30 Del. C. §§2501-2503, inclusive, as amended by H.B. 558, 65 Del. Laws Ch. 476.

4. **"Non-Resident Contractor" or "Non-Resident Subcontractor"**: is defined as a general contractor, prime contractor, construction manager, subcontractor or other type of construction contractor who is not a resident contractor (as "Resident Contractor" is defined by the preceding paragraph of this memorandum) or, one who does not regularly maintain a place of business in this State.

   The specific intention of this definition is that anyone maintaining only a site trailer, other temporary structure or post office box within this State be classified for purposes of Title 30, Delaware Code, as a "non-resident contractor." Such a non-resident, as well as any architect, professional engineer, contractor, or construction manager, is under specific duties pursuant to Title 30, Delaware Code, as explained throughout this memorandum.

5. **"Real Estate Developer"** involves the acquisition of land (raw or improved), the building of structures thereon, and the sale of the land with structure to customers.

B. Specific Documents Required

1. Resident and non-resident contractors alike must obtain and comply with:

   (a) Contractor and subcontractor licensing requirements set forth in Title 30, Delaware Code, Chapter 25.

   (b) Department of Labor Form UC-l and applicable worker's compensation documents may be obtained in the licensing packet available from the Division of Revenue, which will forward these documents, to the respective agencies.

2. Non-residents must comply, in addition to the requirements set forth above, with-the non-resident contractor bonding provisions of Title 30, Delaware Code, Chapter 3, as summarized in Paragraph II. A. of this memorandum.

C. Liability of Non-Resident Contractor or Subcontractor Employing Solely Non-Resident Personnel

1. Non-resident contractors or subcontractors employing solely non-resident personnel must comply with Title 30, Delaware Code, Chapters 3 and 25; as well as Chapter 11 (pertaining to withholding taxes). Additionally, every non-resident contractor or subcontractor employing resident or non-resident individuals at any construction site within the State must withhold Delaware State income taxes from any remuneration paid to such individuals. Delaware state withholding taxes must be withheld from such individuals' salaries regardless of their state of residence or if such individual has another state's income tax withheld from that salary.

2. However, non-resident contractors employing solely non-resident personnel are not required to obtain Delaware unemployment compensation insurance for such non-Delaware residents.

3. Any Delaware residents employed by a non-resident contractor or subcontractor must be covered by Delaware unemployment compensation insurance in compliance with Department of Labor specifications.

D. Mandatory Compliance With Both Gross Receipts and Licensing Provisions

Delaware law requires payment of both gross receipts taxes and license fees. Gross receipts tax of 65/100 (.0065) of the aggregate gross receipts paid to contractors for contracts performed within the State of Delaware less a monthly $12,000 exclusion plus a 10% surtax minus a $30 per month nonrefundable credit shall be payable monthly to the Division of Revenue on or before the 20th day of each month with respect to the aggregate gross receipts for the immediately preceding month, unless the contractor's taxable gross receipts in any month do not exceed $7,500, in which case the tax is payable by calendar quarter. License fees of $75 per year are also due and payable to the Division of Revenue pursuant to 30 Del. C. §2501.

Gross receipts taxes are not payable in lieu of license fees; nor are license fees assessed in lieu of gross receipts taxes. Both gross receipt taxes and license fees are mandated by law as separate obligations due and payable in and of themselves.

Title 30, Del. C., §2501(5), as amended, defines "gross receipts" as follows:

> "'Gross receipts' includes all sums received by a contractor for any work done or material supplied in connection with any real property located in this State, but, does not include sums paid to subcontractors by the contractor; provided said subcontractor is subject to the provision of this Chapter with respect to these sums; and provided that a written agreement exists between the contractor and subcontractor stating the exact sums payable to said contractor. It (Emphasis added.)

In order to be able to deduct the amounts paid to subcontractors by the contractor from the gross receipts, Form 1280, Subcontractor Payments, must be completed and attached to the gross receipts tax form for verification.

Only amounts paid to persons subject to taxation as a **CONTRACTOR** may be deducted **REGARDLESS** of the contractual relationship under which the payments are required to be made. The person must be engaged- in business as a contractor as defined in Paragraph IV. A. 1. of this memorandum in order to be deducted as a subcontractor.

A partial listing of examples of amounts which a contractor may pay under a contract but CANNOT deduct as amounts paid to subcontractors, is noted below:

- Materials supplied **without** construction labor provided by the seller of the materials
- Delivery or transportation charges
- Equipment rentals including delivery and set-up costs

- Construction trailer rentals
- Building permits, zoning costs or any amount paid to any state, county, city or municipal government body
- Environmental impact studies
- Utility costs during construction Non-construction services such as:

  - Accounting
  - Architectural
  - Cleaning
  - Engineering
  - Exterminating
  - Horticultural
  - Inspections and/or testing related to workmanship or quality of materials/supplies.
  - Interior Design
  - Legal
  - Sanitation
  - Scaffolding
  - Security
  - Surveying
  - Trash Removal

V. REAL ESTATE DEVELOPERS

Persons engaging in real estate development as defined in Paragraph IV. 5. of this memorandum are contractors as to a portion of their business activities. In light of the difficulty of drawing a bright line between non-taxable development and taxable contractor activities, the Division of Revenue has determined that a tax based upon the gross proceeds from sales of real estate and any structures erected thereon less deductions according to the terms of Paragraphs V. 2. through 5. below accurately reflects the proper amount of gross receipts received by the developer for the portion of his business activities falling within the definition of "contractor." The Division reserves the right, however, to assert, in litigation with any developer seeking to assert a tax liability based upon a lesser amount than indicated by this calculation, that Delaware statutory law provides for a tax that is, in fact, greater than the one provided under Paragraph V. of this memorandum.

1. The developer shall treat as gross proceeds, subject to gross receipts tax, gross proceeds received from the 'sale of real property with structures (commercial and/or residential) built thereon. Gross receipts shall not include gross proceeds received from the sale of real estate which has been improved by the developer as owner of the property, but upon which no structures have been built (i.e., see Rak v. Division of Revenue. Delaware Tax Appeal Board Docket #977, September 10, 1990).

2. The developer shall be entitled to deduct, in addition to the statutory monthly exclusion, at the time of sale and not before, from gross proceeds the developer's cost of the land and improvements thereto other than structures. In determining the cost of the land and improvements thereto other than structures, only the following costs may be included, and they must be allocated on a per lot basis:

a. Cost of raw land;

b. Site improvement costs, including but not limited to site clearing, landscaping, erection/construction of open space/recreational facilities and installation of street, sanitary and storm sewers, water lines, power lines and other utilities;

c. Engineering costs associated with rezoning (if applicable) and subdivision of the site

d. Legal costs/fees incurred in connection with the rezoning (if applicable) and subdivision of the site;

e. Fees involved in obtaining final site plans and permit;

f. Interest and other carrying costs associated with the acquisition and development of the site, regardless of whether interest has been expended or capitalized for federal income tax purposes (to be allocated on a per-lot basis).

Payments to subcontractors deducted under Paragraph V. 2. may not be deducted again under Paragraph V. 3.

3. In determining the gross receipts tax, the developer may also deduct from gross proceeds, at the time of the sale and not before, miscellaneous expenses, so as to equate the gross receipts tax treatment of a real estate developer with that of a contractor, including:

a. The developer's share of realty transfer taxes;

b. Real estate commissions/fees' (maximum of 2 % of gross proceeds);

c. Sales concessions to buyers (i.e., points, settlement help, etc.);

d. Other costs associated with a specific subdivision (other than general administrative and overhead) and

e. Decorating and space planning costs associated with model homes.

Expenses deducted under this Section must be allocated on a per lot basis.

4. In lieu of deducting the actual cost of land and improvements (Paragraph V. 2.) and miscellaneous expenses (paragraph V. 3.), the developer may, at its sole option, elect to use an assumed cost of land improvements and miscellaneous expenses equal to thirty percent (30%) of the gross proceeds from the sale of the property.

An election under this section shall be irrevocable for a period of one year from the date of such election and shall apply to all development activities of such contractor during such one-year period. Subsequent elections may be made on an annual basis on January 1 of each year. Deductions under this section can only be made at the time of the sale and not before.

5. In addition, in determining the gross receipts tax, the developer will be entitled to deduct from gross proceeds all payments made to subcontractors as provided in 30 Del. C. Ch. 25 with respect to the real property being sold, to the extent such subcontractor payments are not of the type specified under subparagraph (2) or (3) of this paragraph.

VI. EFFECTIVE DATE

The provisions of this Technical Information Memorandum are applicable to all contracts executed after August 19, 1993, except for Section V, which is effective for all gross receipts received after June 30, 1993.

VII. TECHNICAL INFORMATION MEMORANDUM NUMBERS 86-10 (December 29, 1986) and 90-1 (March 1,1990)

Technical Information Memorandums 86-10 (December 29,1986) and 90-1 (March 1,1990) are hereby incorporated by reference, merged, and supplemented. To the extent of any inconsistency, this Memorandum controls.

VII. CONTACT PERSONS FOR ADDITIONAL INFORMATION

Division of Revenue:	David M. Smith Senior Tax Examiner (302) 577-2554
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