

1999 DELAWARE 1999

Non-Resident Individual Income Tax Return

January 2000

Dear Taxpayer:

This booklet contains your 1999 State of Delaware individual income tax forms and instructions. Some changes have been made to the Delaware State income tax code and to the treatment of specific items. While these are listed below, please read the instructions carefully to determine how the changes apply to you.

- This booklet reflects reductions in tax rates and increases in the standard deduction effective for tax year 1999. Reductions have also been enacted for tax year 2000, which will be reflected in next year's booklet.
- For taxpayers age 60 and above, the deduction for eligible retirement income has been increased to \$5,000.
- **On-line filing:** More than 90% of all taxpayers will be able to file on-line. Filing on-line is free. Go to www.state.de.us/revenue and click on our on-line filing icon. If you file on-line, we will:
 - Issue your refund within 7 days
 - Accept your tax liability payments (up to \$1,000) by credit card
 - Send an e-mail verification that your return was received

In addition, when you file your return on-line, you are guaranteed there will be no delays resulting from mathematical errors.

For extra fast refunds:

1. Be sure that your return is correct. Check and double-check your math and be sure all schedules are attached to your return and that it is signed.
2.
 - a. File electronically through your tax advisor or preparer; or
 - b. File your Delaware taxes on-line via www.state.de.us/revenue – the Division of Revenue's web site.

Sincerely,
William M. Remington



Director of Revenue



Delaware, in cooperation with the Internal Revenue Service, is offering joint Federal/Delaware electronic filing. Electronic filing is a convenient, fast, and easy method of filing Federal and Delaware individual income tax returns. See your Tax Advisor for more details concerning the Federal/State Electronic Tax Filing Program.



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Form 200-02 NR

NON-RESIDENT INDIVIDUAL INCOME TAX RETURN

GENERAL INSTRUCTIONS

Who Must File

1. **Non-Residents**—File a tax return if you have any gross income during the tax year from sources in Delaware.

2. **Part-Year Residents** must file a Delaware tax return if:

- While a resident of Delaware, you had income from any source, **or**
- As a non-resident of Delaware, you had income from a Delaware source.

If you must file a tax return as a part-year resident, you may elect to file either a resident or a non-resident return.

NOTE: Individuals who have been residents of Delaware for the entire year may not use the non-resident Form 200-02 NR. You must file on Form 200-01 or 200-03 EZ.

3. **Non-Resident Employees**—File a non-resident return to receive a refund of erroneously withheld Delaware income taxes if you did not live or work in the State at any time during the taxable year. You must attach to your Delaware return certification from your employer that:

- a. You did not work in Delaware during any part of the taxable year,
- b. Your employer erroneously withheld Delaware income taxes, and
- c. Your employer has not and will not file a Claim for Refund of such erroneous withholdings.

this State at which you, your spouse, your children or your parents were present for more than 45 days, you are considered a resident of this State.

*The above NOTE does not apply to members of the Armed Forces, employees of the United States, its agencies, or instrumentalities.

Minors—Disabled—Deceased

If an individual is unable to file a return because he is a minor or is disabled, the return shall be filed by his authorized agent, guardian, fiduciary or the person charged with the care of the person or property of such individual. See federal instructions for authorized signature.

If an individual is deceased, his final return shall be filed by his executor, administrator or other person responsible for the property of the decedent.

Steps for Preparing Your Return

Step 1

Have your federal income tax return completed. Your federal return will be used in preparing your Delaware return.

Step 2

Fill in the top boxes on the front of the form (name, address, filing status). Refer to the instructions starting on page 6 of this booklet for more details.

Step 3

After completing the top part of the front, turn the form over and begin filling out the back of the form; then complete the front. Use the line-by-line instructions provided, beginning on page 4.

Step 4

When you are finished, attach the appropriate documents to your Delaware return. See "What Documents to Attach."

Step 5

Sign, date, and send Form 200-02, along with all required attachments to the applicable address listed below. If the return is prepared by a person other than the taxpayer, the paid preparer must also sign the return.

Address to: State of Delaware
Division of Revenue

If Balance Due on Line 56, use:	P.O. Box 8752 Wilmington, DE 19899-8752
If Refund on Line 57, use:	P.O. Box 8772 Wilmington, DE 19899-8772
If Zero Balance on Line 57, use:	P.O. Box 8711 Wilmington, DE 19899-8711

If necessary, please call our Wilmington office to discuss payment difficulties. Our representatives are available from 8:00 AM to 4:30 PM, Monday through Friday to explain the payment options available.

New Castle County: 577-8208
Kent and Sussex Counties: 1-800-292-7826
Outside Delaware: 1-302-577-8208

NOTES:

- The return is not complete unless it is signed and dated.
- If filing a joint return, both spouses must sign the return.
- In order to aid in timely processing of your return, please include a telephone number where you can be reached during normal working hours.
- Each preparer is responsible for including in the return all relevant items about which he has information.
- Separate filers **MUST** submit their returns in separate envelopes. When doing this, **DO NOT** include duplicate copies of a spouse's return.

What Documents to Attach

Attach the following documents to your Delaware return:

1. W-2, 1099, and 1099R Form(s) issued by your employer to take credit for Delaware tax withheld.
2. A copy of all federal Schedules you are required to file with your federal return (for example, Schedule A, B, C, D, etc.).
3. A signed copy of other state's income tax return(s), if you claim a credit for taxes paid to another State. (Form W-2 is not sufficient).
4. A copy of Form A-1 if you take a credit for taxes paid by an S Corporation (1100S).

When to File

Individual income tax returns are due on or before **May 1, 2000**, for all taxpayers filing on a calendar year basis. All others must file by the thirtieth day of the fourth month following the close of their taxable year.

Extension of Time to File a Return

CAUTION:
THERE IS NO EXTENSION OF TIME FOR PAYMENT OF TAX

An extension of time to file your tax return is granted when the Application for Automatic Extension (**Form 1027**) includes a payment for the amount of any tax reasonably estimated to be due. Interest accrues at the rate of 1% per month, or fraction of a month, on any unpaid tax from the original due date of the return until paid.

An application for extension is not required if the balance due on the return will be zero and an extension has been filed with the Internal Revenue Service.

If an extension is not filed and if there is a balance due when the return is filed, a penalty will be charged for filing the return late. If you have doubt as to whether the final return will show a balance due, file Form 1027 for an extension.

What to File

	File Form:		
	200-01	200-03 EZ	200-02 NR
Full-year residents	✓ or...	✓	
Part-year residents	✓ or...	✓	✓
Non-residents			✓

Who is a Resident

A resident is an individual who either:

- Is domiciled in this State for any part of the taxable year; or
- Maintains a place of abode in this State and spends more than 183 days of the taxable year in this State.

A domicile is the place an individual intends to be his permanent home; a place to which he intends to return whenever he may be absent. An individual can have only one domicile. A domicile, once established, continues until the individual moves to a new location and exhibits a bona fide intention of making it his permanent home.

Full-Time Students with a legal residence in another state remain legal residents of that state unless they exhibit intentions to make Delaware their permanent residence.

NOTE*: Foreign Travelers - If you were out of the United States for at least 495 days in the last 18 consecutive months but (at the same time) you maintained a permanent place of abode in

Who Must File Estimated Taxes for 2000

To determine if you must pay estimated income tax payments, complete the following:

1. Enter the amount of your total estimated tax liability for 2000. (See the tax table or tax rate schedule.) _____ 1
2. Enter the amount of estimated Delaware withholding taxes and other credits. - _____ 2
3. Enter the balance due (Line 1 minus Line 2). = _____ 3

4. You DO NOT have to file estimated taxes if:

- Line 3 is less than \$100, or
- Line 2 is at least 90% of Line 1, or
- Line 2 is at least equal to your total tax liability for 1999 (105% of 1999 liability if Delaware adjusted gross income exceeds \$150,000 or \$75,000 if filing status 3).

To extend your due date for submitting your completed income tax return (from May 1, 2000 to August 15, 2000), submit the following to the Division of Revenue no later than May 1, 2000:

1. Your payment of any balance of estimated tax liability due for the year **AND**
2. The completed copy of Form 1027.

You may obtain a copy of Form 1027 from the Division of Revenue.

Blanket requests for extensions will not be granted. You must submit a separate application for each return.

To extend your due date **beyond August 15, 2000**, before the expiration of the extension granted on Form 1027, file a photocopy of your Federal Form 2688, Extension to File, with the Delaware Division of Revenue. The approved federal extension will extend the due date of your Delaware return to the same date as your federal extension due date and must be attached to your Delaware return.

Amended Returns

If any changes made to your federal return affect your state income tax liability, you are required to report the change to the Delaware Division of Revenue within ninety (90) days after the final determination of such a change and indicate your agreement with the determination or the grounds of your disagreement. Use Form 200-02-X to change an income tax return you have already filed, and attach a copy of any federal adjustments.

Requirement to File Estimated Taxes

Every person who is either a resident of Delaware or has income from Delaware sources may be required to file quarterly Declarations of Estimated Tax to the Delaware Division of Revenue, **if the Delaware tax liability less payments and credits can reasonably be expected to exceed \$100.** (See worksheet above.)

You may be required to make Estimated payments, **if you receive a lump sum distribution or a large bonus at the end of the year.**

Also, you may be required to make Estimated payments if while you are a Delaware resident:

- Your employer does not withhold Delaware tax, or
- You work in another state whose tax withholding rate is lower than that of Delaware's.

The estimated tax booklet, containing the worksheet for computing your estimated tax liability and the payment vouchers, will be sent after January 15, 2000. To estimate your 2000 tax liability prior to receiving the booklet, complete your 1999 return using estimated income and deduction amounts for 2000. Reduce this result by 7% to reflect the tax reduction effective for tax year 2000.

When to Make Your Estimated Tax Payment

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date as indicated below:

For the period:	The payment due date is:
1/1/00 through 3/31/00	May 1, 2000
4/1/00 through 5/31/00	June 15, 2000
6/1/00 through 8/31/00	September 15, 2000
9/1/00 through 12/31/00	January 16, 2001

For more information concerning estimated taxes or payment voucher and worksheet call (302) 577-8200. If you did not file estimated taxes for 1999 and need estimated tax coupons, call the Estimated Tax Forms voice mailbox at (302) 577-8588 to order them.

Estimated Tax Penalty

You may owe this penalty if the amount you owe (Line 52) is more than 10% of the tax shown on your return (Line 47, Balance).

Exceptions to the Penalty

You will not owe the penalty if your 1998 tax return was for a period of 12 full months AND EITHER of the following applies:

- You had no tax liability for 1998, or
- The total of Line 46 (Total Non-Refundable Credits) and Line 51 (Total Refundable Credits) on your 1999 return equals at least the tax liability shown on your 1998 return and your estimated tax payments for 1999 were made on time.

Members of Armed Forces

While you are stationed in Delaware:

- Your military pay is subject to Delaware state income tax **only if Delaware is your state of legal residence.**
- Other income earned in Delaware, (that is, income other than military salary), is subject to income tax in Delaware AND in your state of legal residence, if it is other than Delaware.

- You do NOT need to file a Delaware return if:
 - a. You are receiving only military active duty income, AND
 - b. You are a legal resident of another state.

Members of the Armed Forces			
Are You a Legal Resident of Delaware?	Delaware Filing Required		
	Military Active Duty Income	Other Income Earned in DE	Other Income Earned in Other States
YES	YES*	YES*	YES*
NO	NO	YES	NO

*Whether you are stationed in Delaware or not.

Your state of legal residence is the same as it was when you entered the Armed Forces unless you voluntarily changed it while in the Armed Forces. For example, if you were a legal resident of Delaware when you entered the Armed Forces, you remain a legal resident of Delaware for Delaware state income tax purposes unless you voluntarily abandoned your Delaware residency and established a new legal domicile in another state.

If you change your legal residence, in the year you change, you are a part-year resident of both states. A change in legal residence is documented by filing DD Form 2058 and DD Form 2058-1 with your military personnel office.

All income of a non-military spouse is taxed in the state where he or she resides. The year the spouse moves into or out of Delaware, he or she is a part-year resident of Delaware. Using these definitions, when one spouse is a resident of Delaware and the other spouse is a part-year/non-resident, separate returns should be prepared splitting income, personal credits, and deductions as though SEPARATE FEDERAL RETURNS had been filed.

The following examples illustrate this:

1. Airman John Green, who is a legal resident of Delaware (domiciled in Delaware), was ordered to duty in, and moved his family to, New York. The family has no income other than his military pay. Airman Green will file federal and Delaware tax returns only. A New York state tax return is not required.
2. Sergeant Paul Smith, whose domicile is Ohio and to which he is liable for income taxes, has been on active duty in Delaware for 12 months. Sergeant Smith is married, and both he and his wife have non-military income from Delaware. Sergeant Smith will file as a non-resident of Delaware (using Form 200-02 NR) reporting all his income and taking his share of personal credits and deductions as though the Smiths had filed separate federal returns. (Sergeant Smith should contact Ohio for his filing requirements for Ohio.) Mrs. Smith would have the option to file as a resident or a non-resident if she moved into or out of Delaware during the year, and report her income and take her share of personal credits and deductions as though separate federal returns had been filed.

Reminders:

Penalties and Interest

- Interest - Underpayment or late payment**
The Delaware Code provides that interest on any underpayment or late payment of income taxes due shall accrue at the rate of 1% per month, from the date prescribed for payments to the date paid.
- Penalty - Late-filing of balance due return**
The law imposes substantial penalties for failure to file a timely return. Late-filed returns resulting in a balance due are subject to a penalty of 5% per month up to a maximum of 50% of the balance due.
- Penalty - Negligence/fraud/substantial understatement**
The law also provides severe penalties for a false or fraudulent return, or for making a false certification. The mere fact that the figures you report on your Delaware return are taken from your federal return will not relieve you from the imposition of penalties for negligence or for filing a false or fraudulent return.
- Penalty - Failure to pay**
The law provides a penalty of ½% per month (not to exceed 25%) of the net tax liabilities for failure to pay the tax liability due on a timely filed return. This penalty is in addition to the interest charged for late payment.
- Penalty - Failure to File/Pay Estimated Taxes**
The law provides a penalty of 1½% per month of the computed tax payment for failure to file/pay estimated taxes due. This penalty is in addition to those penalties and interest listed above.

Determining Delaware Income

Definition of "Delaware Source" Income

A non-resident individual's items of income, gain, loss and deduction derived from or connected with Delaware sources are the items attributable to:

- Wages, salaries and other compensation (other than from pensions) received as an employee for personal services rendered, or attributable to employment, in Delaware. If, in connection with your Delaware employment, you are required to render services outside Delaware, such income may be excluded, but you must complete Schedule W and attach it to your return. Copies of this form are available upon request from the Division of Revenue.
- Interest, dividends, pension(s) or unemployment compensation (unless from a trade or business carried on in Delaware) are not considered Delaware Source Income. For example, interest paid from accounts in a Delaware bank during the period of non-residency are not considered Delaware Source Income and should not be included in Column 2 on the back of the form.

- A business, trade, profession, vocation or occupation conducted in Delaware.
- The ownership or disposition of any interest in real or tangible personal property in Delaware.
- Intangible personal property of a non-resident individual, including annuities, dividends, interest, gain and loss from the disposition of intangible personal property, to the extent attributable to property employed in a business, trade, profession, vocation or occupation carried on in Delaware.
- Capital gains, capital losses and net operating losses, including the distributive share of income from partnerships, S Corporations, estates, or trusts, to the extent they are derived from or connected with sources in Delaware.

Next, complete the back of this form, beginning with Line 1. Once the back is completed, return to the front and follow the instructions for "Front of Form" on page 6.

BACK OF FORM 200-02

Column 1—Federal

This column should reflect the entries you have made on the appropriate lines of your federal returns as if you were a full-year resident of Delaware. List all items of income, adjustment, and modification irrespective of the state from which the items were derived. If Filing Status 3, use only your income.

Column 2—Delaware Source Income and/or Loss

List all amounts of income, gain, loss or deductions from Delaware sources. Part-year residents must also include all such income from **any source** during the time of Delaware residency. See the definition of "Delaware Source" Income on this page.

Rounding Off Dollars

Dollar amounts on your return must be rounded off to the nearest whole dollar. This means that amounts from 50 to 99 cents are increased to the next dollar. For example, \$1.50 becomes \$2.00 and \$1.49 becomes \$1.00.

1-14 List all items of income or loss from your federal return in Column 1. In Column 2, enter the amounts of income, gain, loss and adjustment from Delaware sources (see the definition of "Delaware Source" Income on this page).

NOTE: Line 6 - Business Income (or Loss)
If you have business income or loss from sources within Delaware and at least one other State, you must either (1) attribute all positive income to Delaware; or (2) determine Delaware source income or loss on Form 800, available upon request from the Division of Revenue.

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Adjustments to Income

Enter in Column 1, the total amount of the adjustments from your Federal Form 1040, Line 32 or Federal 1040A, Line 17.

Enter in Column 2, the amount of federal adjustments allowable as Delaware source adjustments (related to Delaware source income).

EXCEPTION:

Alimony Payments—Delaware Source Share of Federal Adjustments

The portion of Federal adjustment for payment of alimony is limited by the proration of Total Delaware Source Income to Total Federal Income. To determine the proration decimal of your Delaware source income to your Federal income, divide the amount from Line 15, Column 2 by the amount from Line 15, Column 1. Carry out the computation to four decimal places, rounding off to the fourth position. Then, enter the amount of Total Federal Adjustments for alimony and multiply by the proration.

Line 15, Col. 2 = _____ =

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Line 15, Col. 1 = _____

The proration decimal may not exceed 1.0000 or be less than zero.

_____ X	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>						=	_____
Total Federal Adjustment For Alimony	Proration Decimal		Delaware Source Adjustments					

The result is the amount of allowable Delaware source adjustment for alimony. Add this amount to the total of any other federal adjustments (other than alimony) taken on your federal return and enter the total on Line 16, Column 2.

17

Subtract Line 16 from Line 15

NOTE: The ratio used in reporting income on Lines 1 through 14 is used in determining the ratio of modifications for Lines 18 through 26. For example, a full-year non-resident would enter interest income on Line 2, Column 1 as shown on the federal return, but no interest income would be included as Delaware source income (Column 2). If a portion of this interest income is from US Obligations, that portion would be entered on Line 22, Column 1 only. Since no interest income was reported as Delaware source income, no portion of the deduction would be considered from Delaware sources.

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Interest on State and Local Obligations other than Delaware

Interest you received from any obligations of States other than Delaware or their political subdivisions, is taxable and must be added on Line 18. Examples of **interest that is taxable**:

- Interest received on Pennsylvania Turnpike Bonds.
- Mutual fund dividends not included on Line 15 that are attributable to interest on state or local obligations (minus those attributable to

the State of Delaware and its authorities and political subdivisions—provided the mutual fund reports that amount to you in writing).

19 **Fiduciary Adjustments, Oil Percentage Depletion**

Fiduciary Adjustments

Net additions from fiduciary adjustments arising out of income received from an estate or trust as shown on Federal Form K-1, *Beneficiary's Share of Federal Income and Deductions*, should be included on Line 19.

Oil Percentage Depletion

The law provides for the disallowance of any percentage depletion deduction allowable under federal law, to the extent it is in excess of cost depletion. Add the excess to the amount of fiduciary adjustments and enter the total on Line 19.

22 **U.S. Obligations**

All interest received on obligations of the United States and included on your federal tax return is **exempt** from Delaware tax and should be entered on Line 22. Failure to identify the payor on Federal Schedule B or Federal Form 1040A, Parts I and II will result in the disallowance of the deduction. All interest received on obligations for which the United States is NOT the primary obligor or which are NOT guaranteed by the full faith and credit of the United States is not exempt from tax and may not be entered on Line 22. (Examples are shown in the Line 22 table on this page.)

23 **Pension Exclusion**

Amounts received as pensions from employers (including pensions of a deceased taxpayer) may qualify for an exclusion from Delaware taxable income, subject to the limitations described below.

Retirement—Non-Pension Income

Delaware Tax Law authorizes an exclusion of up to \$5,000 from pension and eligible retirement income for each individual age 60 or older.

NOTE: Each taxpayer may receive ONLY ONE exclusion, even if he or she is receiving more than one pension or other retirement distribution. A husband and wife who each receive pensions are entitled to one exclusion each.

IF YOU WERE UNDER 60 on December 31, 1999, your exclusion equals \$2,000 or the amount of your pension, whichever is less.

IF YOU WERE 60 OR OVER on December 31, 1999, your exclusion is determined as follows:

1. Amount of pension \$ _____
2. Amount of "eligible retirement income" (See definition below.) \$ _____
3. Total (add Lines 1 and 2) \$ _____
4. Enter Line 3 or \$5,000, whichever is less on Line 23.

LINE 22 EXAMPLES. INTEREST RECEIVED ON U.S. OBLIGATIONS	
Examples of INTEREST THAT IS EXEMPT	Examples of INTEREST THAT IS NOT EXEMPT
U.S. Treasury bill, Bonds (Series E, F, G, H), Certificates, Notes	Federal National Mortgage Association (Fannie Maes)
Export Import Bank	Federal Home Loan Mortgage Corp.
Federal Deposit Insurance Corp.	Government National Mortgage Association (Ginnie Maes)
Federal Farm Credit Bank	International Bank of Reconstruction and Development
Federal Intermediate Credit Banks	Student Loan Marketing Association (Sallie Maes)
Federal Land Banks	
Tennessee Valley Authority	
Mutual Fund Dividends (Dollar amount or percentage, directly attributed to a U.S. obligation, provided the Mutual Fund reports that amount to you.)	

Eligible retirement income includes dividends, interest, net rental income from real property and qualified retirement plans (IRC Sec. 4974), such as IRA, 401(K), and Keogh plans, and government deferred compensation plans (IRC Sec. 457).

24 **Delaware State Tax Refund**

Delaware state tax refunds may be excluded to the extent they are included in federal adjusted gross income.

Lottery Winnings

Delaware Lottery, Power Ball, and Delaware Video Lottery winnings are not included in Delaware taxable income. Such amounts should be entered on Line 24. However, lottery winnings from States other than Delaware are taxable and cannot be entered on this line.

Gambling Losses

Wagering losses can be deducted only to the extent of wagering gains. Under some circumstances Delaware Lottery Winnings may exceed the amount of net wagering gain subject to federal tax. The amount of subtraction is therefore limited to the lesser of:

- a. The difference between the amount of net gambling winnings included in federal adjusted gross income and the amount of gambling losses allowable in determining federal itemized deductions; or
- b. The amount of gain from Delaware Lottery winnings.

Enter the lesser amount on Line 24.

25 **Fiduciary Adjustment**

Net subtractions from fiduciary adjustments derived from income received from an estate or trust, as shown on your Federal Form K-1, *Beneficiary's Share of Income and Deductions*, should be included on Line 25.

Work Opportunity Credit

The law allows a deduction for the portion of wages paid but disallows as a deduction for federal tax purposes by reason of claiming the work opportunity tax credit on the federal return.

That portion of the deduction for wages, which is disallowed for federal purposes, should be entered on Line 25. In order to claim this modification, you must attach Federal Form 5884.

Delaware Net Operating Loss Carryovers

Taxpayers who were prevented in previous years from carrying federal net operating losses to their Delaware returns (because of Delaware's \$30,000 limit on net operating loss carrybacks) are permitted to carry these additional losses forward on their Delaware return in years following the loss year.

26 **Social Security/Railroad Retirement Benefits**

Social Security and Railroad Retirement benefits are not taxable in Delaware and therefore should not be included in Delaware taxable income. Enter on Line 26 the total of the amount reported on Line 13 plus any Railroad Retirement payments included on Line 9.

Higher Education

Distributions received from qualified retirement plans (IRC Sec. 4974, including IRAs), cash or deferred arrangements (such as 401(k) plans) and government deferred compensation plans (IRC Sec. 457) may be excluded from Delaware adjusted gross income to the extent they are used in the same tax year to pay for books, tuition or fees at an institution of higher education attended by the taxpayer or by his or her dependents who have NOT attained the age of 26 by December 31, 1999; and so long as such amounts have been included in federal adjusted gross income.

27 **Add Lines 22, 23, 24, 25 and 26.**

28 **Subtract Line 27 from Line 21.**

29 **Persons 60 or Over or Disabled**

The law provides for exclusions from gross income to persons who meet certain qualifications. **Please refer to the Line 29 worksheet to determine if you qualify.**

LINE 29 WORKSHEET. PERSONS 60 OR OVER OR DISABLED

Single or married filing separate returns	Y	N	Joint Returns	Y	N
Were you at least 60 years old or totally and permanently disabled on 12/31/99?			Were both spouses at least 60 years old or totally and permanently disabled on 12/31/99?		
Was your earned income (i.e., wages, tips, farm or business income) less than \$2,500?			Is combined earned income (i.e., wages, tips, farm or business income) less than \$5,000?		
Is Line 28 \$10,000 or less?			Is Line 28 \$20,000 or less?		

If you answered YES to all, enter \$2,000 on Line 29

If you answered YES to all, enter \$4,000 on Line 29

NOTE: If you are filing a joint return and only one spouse qualifies for this exclusion, you should consider filing separate returns.

30a Column 2

Subtract Line 29, Column 2 from Line 28, Column 2. **Enter the total on Line 30a, Column 2 and on Line 42, Box A on the front of your return.** This is your Modified Delaware Source Income.

30b Column 1

Subtract Line 29, Column 1 from Line 28, Column 1. Enter the total on Line 30b, Column 1. **Enter this total on Line 37 and Line 42, Box B on the front of your return.** This is your Delaware Adjusted Gross Income.

Itemized Deductions

If you elect to itemize deductions, complete Section D, Lines 31-36, to determine the amount of itemized deductions which you may claim on your Delaware return; otherwise, you may skip this section.

NOTE: If you claimed a standard deduction on your federal return, you may still elect to itemize your deductions on the Delaware return. In this case, complete and attach a Federal Schedule A showing the itemized deductions you would have claimed on the federal return.

31 Persons Filing Joint Delaware Returns

Enter on Line 31 the total amount of itemized deductions as shown on Line 28, Federal Schedule A.

If you are filing a **joint federal return and separate Delaware returns**, the deductions must be determined as if each spouse had filed separate federal returns.

If you are unable to specifically allocate deductions between spouses, prorate the deductions based on a ratio of your separate incomes to total joint income. For example, if one spouse earns 60% of the household income and the other earns 40%, designate 60% of the deductions to the spouse earning 60% of the household income and 40% of the deductions to the spouse earning 40% of the household income.

32 Foreign Tax Paid

If you elected the Foreign Tax Credit on your federal return, your federal itemized deductions, allowed as Delaware itemized deductions, will be increased by the amount of foreign taxes actually paid. Foreign taxes accrued, but not paid, are not allowed as a deduction on Line 32. On Line 32, enter the amount of foreign taxes paid included on Line 8 of Federal Form 1116. If you were not required to file Federal Form 1116, enter on Line 32 the amount of foreign tax paid.

33 Charitable Mileage Deduction

If you used your automobile to perform a voluntary service for a charitable organization, you may increase your itemized deductions as follows:

1. Miles driven 1/1/99 — 6/30/99: _____ x .11 = \$ _____
2. Miles driven 7/1/99 — 12/31/99: _____ x .14 = \$ _____
3. Total (Enter this amount on Line 33.) \$ _____

34 Self-Employed Health Insurance

The law allows an itemized deduction for the health care insurance cost of a self-employed person and his/her family. The deduction is equal to 100% of the health care insurance cost paid during the year less any amount deducted on Form 1040, Line 28 on your federal return in arriving at federal adjusted gross income, limited to the amount of gross business income in excess of the federal adjustment. For self-employed health insurance deduction purposes, a self-employed person is one who derives more than one-half his or her gross income from self-employment; that is, income subject to self-employment taxes or flow through from an S Corporation or partnership.

34a Add Lines 31, 32, 33 and 34 and enter the total on Line 34a.**35 State Income Tax Add-back**

Enter the amount of (1) Delaware state income taxes claimed in your federal itemized deductions plus (2) any taxes imposed and paid to another State that are included in your federal

itemized deductions and claimed as a credit on Line 44 of this form. For example, if you had \$1,000 of taxes withheld in another state, but the tax liability to the other state was \$700, you should only include \$700 on Line 35, except as noted below.

Exception: If your level of adjusted gross income caused a reduction (limitation) of your federal itemized deductions, only add-back on Line 35 the percentage of state income tax that was included in your federal itemized deductions which represents the same ratio as allowable federal itemized deductions is to total itemized deductions before the reduction. For example, if total state income taxes is \$500 and total federal itemized deductions is \$10,000 but is limited to \$9,000 due to the federal reduction rules (90% of your itemized deductions were allowed), you need add-back only \$450 (90% of the state taxes on Line 35).

NOTE: Local taxes included in your federal itemized deductions should not be included on Line 35. Also, state taxes paid to another state for which you will not claim a credit on Line 44 of your Delaware return should not be included on Line 35.

36 Total Itemized Deductions

Subtract Line 35 from Line 34a and enter the results here and on Line 38 of your Delaware return. Make sure you have checked the block "b" on Line 38 to indicate that you are electing to itemize your deductions.

Always compare the results of Line 38 to the standard deduction; you may benefit from using the standard deduction and from any additional standard deductions available. In addition, Line 38 should not be less than the federal deductions that are not subject to reduction under federal law.

FRONT OF FORM 200-02**Name, Address and Social Security Number**

Attach the preprinted label provided with your booklet to the front of the form in the space provided with your booklet or postcard. **NOTE:** To protect your privacy, the number on your label is not your Social Security Number.

If your name, address, Social Security Number or marital/filing status changed since last year, **DO NOT** use the mailing label. In this case, or in the event you did not receive a booklet or postcard, print your name(s), address, and Social Security Number(s) in the space provided. If you are married, give names and Social Security Numbers for both you and your spouse whether you file joint or separate returns.

If you are a Jr., Sr., II, III, etc., please indicate it in the suffix block.

Filing Status

Please indicate your filing status by marking the appropriate box.

FILING STATUS 1 - SINGLE TAXPAYER

If you were single on December 31, 1999, consider yourself single for the whole year and use Filing Status 1.

FILING STATUS 2 AND 3 - MARRIED TAXPAYERS

You may file Joint or Separate Delaware returns even if you filed Joint federal returns. However, if you filed Separate federal returns, you must file Separate Delaware returns.

NOTE: Generally, separate returns will be advantageous if both spouses have a Delaware adjusted gross income in excess of \$7,512.

If you elect to use Filing Status 3, both you and your spouse must figure your tax the same way. **This means if one itemizes deductions, the other must itemize. If one takes the standard deduction, the other must take the standard deduction in computing taxable income.**

You each report only your own income, personal credits, deductions, and one half of the income derived from securities, bank accounts, real estate, etc., which are titled or registered in joint names.

FILING STATUS 5 - HEAD OF HOUSEHOLD

If you filed as Head of Household on your federal return or qualify as certain married persons living apart, you may file as Head of Household on your Delaware return.

FULL-YEAR NON-RESIDENTS

If you were a full-year non-resident of Delaware for 1999, be sure to check the box indicating full-year non-residency. If you are a part-year resident of Delaware electing to file as a full-year non-resident, **do not** check this box.

PART-YEAR RESIDENTS

If you were a part-year resident of Delaware in 1999 electing to file as a full-year resident, indicate the dates of your Delaware residency.

37 Enter the amount from Page 2, Line 30b, Column 1, of your Delaware return.

38a Standard Deduction

The law allows you to take a standard deduction in lieu of itemizing your deductions. If you elect to take the Delaware STANDARD DEDUCTION, be sure to check block "a" on Line 38a and enter the appropriate amount as listed below:

Delaware Filing Status	Standard Deduction
1	\$3,250
2	\$4,000
3	\$2,000
5	\$3,250

NOTE: If you have itemized deductions greater than your allowable Delaware standard deduction, you can itemize deductions on your Delaware return even though you did not itemize deductions on your federal return.

NOTE: If one spouse takes the standard deduction, the other spouse must also take the standard deduction. Be sure to check box "a" on Line 38a to indicate you are using the standard deduction.

38b Itemized Deductions

If you elect to itemize deductions:

- Check block "b" on Line 38b.
- Complete Section D, Lines 31 through 36 on the back of your Delaware return.
- Enter the amount from Line 36 on Line 38.
- Attach a copy of Federal Schedule A to your Delaware return.

NOTE: If you claimed a standard deduction on your federal return, you may still elect to itemize your deductions on the Delaware return. In this case, complete and attach Federal Schedule A showing the itemized deductions you would have claimed on the federal return.

39 Additional Standard Deduction

The additional standard deduction is allowable only for those persons 65 or over or blind electing to use the Delaware standard deduction on Line 38.

NOTE: If you elect to itemize your deductions, you do not qualify for the additional standard deduction even though you may be 65 years of age or older and/or blind. If you itemize deductions, do not check the "65 or over" box.

If you qualify for the additional standard deduction:

- Use the worksheet provided in Section E, back of the Delaware return to compute your allowable additional standard deduction.
- Enter the amount from the Worksheet on Line 39.

Check the appropriate boxes relating to age and/or blindness on Line 39.

40 Add Lines 38 and 39.

41 Subtract Line 40 from Line 37.

42 Proration Decimal

Enter the amount from Line 30A in Box A on Line 42. Enter the amount from Line 30B in Box B on Line 42.

Example:

$$\begin{array}{l} \boxed{A} = \boxed{\text{Line 30A}} = \boxed{5,000} \boxed{00} \\ \boxed{B} = \boxed{\text{Line 30B}} = \boxed{12,000} \boxed{00} \end{array}$$

To determine the proration decimal, divide the amount from Line 30A by the amount from Line 30B. Carry out the computation to four decimal places, rounding off the fourth position.

$$\frac{A}{B} = \frac{5,000.00}{12,000.00} = 0.4167$$

The 0.41666 rounded off equals 0.4167. The proration decimal may not exceed 1.0000 or be less than zero.

If Line 41 (taxable income) is less than \$60,000, use the tax table to compute your tax. If Line 41 is \$60,000 or greater, use the tax rate schedule to compute your tax. Enter the amount of tax in the box provided on Line 42 and multiply this amount by your proration decimal.

Enter the result on Line 42. This is your prorated tax liability.

43a Personal Credits

You are allowed a credit of \$100 for each exemption claimed on your federal return. Enter on Line 43a, the total number of exemptions claimed on your federal return in the space provided. Multiply this number of credits by \$100. If you filed a federal EZ or telefile return, enter \$100 if you are single and \$200 if you filed the federal return as a married couple filing jointly. If you were not required to file a federal return, enter \$100 for each spouse reporting income on this form plus \$100 for each person who could have been claimed as a personal exemption had you been required to file a federal return. Multiply this amount by your proration decimal from Line 42. Enter the result on Line 43a.

If you are married filing a separate return, the personal credits must be allocated between each spouse in increments of \$100.

NOTE: Individuals who are claimed as dependents on another person's return do not qualify for an exemption on their federal return, and; therefore, those individuals will not qualify for a personal credit on their Delaware return. Enter "0" in the space provided and on Line 43a.

43b Additional Personal Credit

Check the appropriate box(es) on Line 43b if you and/or your spouse were 60 years of age or over on December 31, 1999. Multiply the number of boxes checked by \$100. Multiply this amount by your proration decimal from Line 42. Enter the result on Line 43b.

44 Other State Tax Credit Part-Year Residents Only

Part-year residents who paid income taxes to another State on income which was earned in the other State while a resident of Delaware, and which is also included in the Delaware modified source income, may be allowed to claim a tax credit against their Delaware tax liability. (Do not include city wage taxes or county taxes that may be payable with your other State return.) (See Worksheet, next page.) With regard to any credit claimed for taxes paid to another state, the credit is limited to the smallest of the following:

- The Delaware tax liability;
- The tax liability due and paid to the other states (not including amounts paid on your state return to local jurisdictions). The

amount due and paid means the amount shown as liability on the 1999 other State return and not the amount on your W-2; or

- c. the amount computed by multiplying the Delaware tax by a fraction, the numerator of which is your adjusted gross income derived from sources in the other state, and the denominator of which is your Delaware Adjusted Gross Income (Line 37).

NOTE: Taxes paid to a political subdivision of a state cannot be claimed as credit. The District of Columbia, however, is classified as a "State" for the purposes of this credit and therefore, can be claimed as credit on Line 44.

If you claim the tax credit, you must attach to your return a signed copy of the income tax return filed with the other State(s).

45 Non-Refundable Credits

Enter on Line 45 the total of the following credit(s) to which you are entitled:

Blue Collar Credit

Certain businesses are eligible for tax credits based on combinations of capital investment and new employment in this State. These credits are typically applicable to corporate income tax but may be taken, in the case of business proprietors, partners in partnerships, or shareholders in S Corporations, on personal income tax returns. Any individual claiming this credit should complete Form 700 (available upon request from the Division of Revenue) and submit it with the Delaware return.

Green Industry Credits

Certain taxpayers are eligible for "Green Industry" credits for reducing waste release, use of recycled materials, processing of waste materials, and collection and distribution of recycled materials. Only those taxpayers whose eligibility is certified by the Department of Natural Resources and the Delaware Development Office may claim these credits. Any individual claiming this credit should complete Form 700 (available upon request from the Division of Revenue) and submit it with the Delaware return.

Brownfield Credit

Certain taxpayers are eligible for "Brownfield" tax credits promoting the recycling of contaminated industrial and commercial sites. Only those taxpayers whose eligibility is certified by

the Department of Natural Resources and Environmental Control may claim these credits. Any individual claiming this credit should complete Form 700 (available upon request from the Division of Revenue) and submit it with the Delaware return.

46 Total Non-Refundable Credits

Add Lines 43a, 43b, 44 and 45. The total of all non-refundable credits is limited to the amount of your Delaware tax liability on Line 42.

47 Balance

Subtract Line 46 from Line 42, and enter the result on Line 47. If it is less than zero, enter zero.

48 Delaware Tax Withheld

Enter the Delaware income tax withheld as shown on your W-2, 1099 and/or 1099R Forms. (Do NOT include City Wage Tax.)

49 Estimated Tax Payments and Payments with Extensions

Enter on Line 49, the total quarterly estimated tax payments for 1999 including any credit carryover from your 1998 return. In order to receive proper credit for fourth quarter estimated tax payments, they must be made by January 17, 2000. Also, enter the amount paid with Form 1027 (Automatic Extension) on this line. If you file separate returns, you must claim the estimated tax payments under the Social Security Number for which the payments were made.

50 S Corporation Payments

Enter on Line 50, the Delaware estimated tax payment made on your behalf by an S Corporation. Attach a copy of the Delaware S Corporation Form A-1 reflecting such payment.

51 Total Refundable Credits

Add Lines 48, 49 and 50.

52 Balance Due

If Line 47 is greater than Line 51, subtract Line 51 from Line 47 and enter the balance due on Line 52.

53 Overpayment

If Line 51 is greater than Line 47, subtract Line 47 from Line 51 and enter the amount of your overpayment on Line 53.

54 Contribution to Special Funds

You and/or your spouse may wish to contribute to any/all of the worthwhile funds listed on Page 9. Enter the amount of your donation on the line provided next to the designated fund(s) of your choice. Enter the total amount donated on Line 54. The minimum amount for a donation is \$1. If you are not due a refund and you wish to make a contribution, you may do so. Include the total amount of your donation with the balance due.

55 Application to 2000 Estimated Tax Account

If you wish to apply a portion of your overpayment to your 2000 Estimated Tax Account, enter on Line 55 the portion of your overpayment (Line 53) to be applied.

NOTE: An amount entered on Line 55 will reduce the amount refunded to you.

56 Net Balance Due

Enter the amount of the net balance due (Line 52 plus Line 54) and pay in full.

57 Net Refund

Enter the amount of the total refund (Line 53 less amounts on Line 54 and/or Line 55) to be refunded to you.

If you do not have a balance due or a refund due, enter "0" on Line 57.

Address Change

If you move after you file your return, you should notify the Division of Revenue of your address change. Please be sure to include your and your spouse's Social Security Number in any correspondence with the Division of Revenue. You may also change your address by calling the Address Change voice mailbox at (302) 577-8589.

Federal Privacy Act Information

Social Security Numbers must be included on your income tax return. The mandatory disclosure of your Social Security Number is authorized by Section 306, Title 30 of the Delaware Code. Such numbers are used primarily to administer and enforce all tax laws, both civil and criminal, for which the Division of Revenue has statutory responsibility.

LINE 44 WORKSHEET. CREDIT FOR TAXES PAID TO ANOTHER STATE		
1. Enter adjusted gross income from the other state .	_____	1.
2. Enter Delaware adjusted gross income (Line 37 of the return).	_____	2.
3. Enter the income from the other state while a Delaware resident.	_____	3.
4. Enter the total income from the other state.	_____	4.
5. Enter the Delaware tax liability (Line 42).	_____	5.
6. Enter the tax liability for the other state.	_____	6.
7. Divide Line 1 of the worksheet by Line 2.	_____	7.
8. Multiply Line 7 by Line 5.	_____	8.
9. Divide Line 3 by Line 4.	_____	9.
10. Multiply Line 9 by Line 6.	_____	10.
11. Enter the lesser of Lines 5, 8, and 10 here and on Line 44 of the return.	_____	11.

SPECIAL FUNDS



DELAWARE'S NONGAME WILDLIFE, ENDANGERED SPECIES AND NATURAL AREAS PRESERVATION FUND

Wildlife is a gift that is often taken for granted. In Delaware, there are more than a thousand nongame mammals, birds, reptiles, amphibians, mollusks and crustaceans - that is all wild animals except those that can legally be taken by hunting and fishing. Many are common and can be enjoyed as close as your own backyard. Others are in danger of disappearing from our landscape. The Nongame Wildlife Tax Checkoff enables Delaware taxpayers to donate a portion of their state income tax refund for efforts to ensure that all wildlife and the habitat they need in order to flourish will be around for years to come. Please lend your support through a tax-deductible contribution on Line 54A. Next time you spot a bald eagle or a bluebird, you'll be glad you did.



U.S. OLYMPICS

Delaware athletes are among the many across the nation who are training hard to earn a spot on the U.S. Olympic Teams that will compete in the 2000 Summer Olympic Games in Sydney, Australia. Your dollars now are vital to provide the proper training and encouragement so necessary to fielding the best team possible. Please show your support by checking Line 54B, U.S. Olympic Committee, with a tax-deductible donation.



EMERGENCY HOUSING ASSISTANCE FUND

Homelessness is a growing concern in Delaware. Families with children now represent the greatest proportion of the homeless. Crisis situations such as unemployment, family conflicts, displacements, evictions, fire, or utility failures force people to turn to the community for emergency housing. Delaware's non-profits need your support to close the gap between available resources and increasing costs of operating programs for the homeless.

You can help by checking Line 54C, the Emergency Housing Assistance Fund and contributing a portion of your refund or by sending a donation along with your tax liability payment. Your contributions will be distributed by Delaware's Health and Social Service's Division of State Service Centers/Office of Community Services, directly to shelters providing emergency housing.



CHILDREN'S TRUST FUND

The Delaware Children's Trust Fund has as its mission the prevention of child abuse and neglect in Delaware. It accomplishes this through public awareness campaigns, technical assistance to child abuse prevention projects and an annual Prevention Grant program. Prevention projects focus on many issues that are designed to help children and families avoid instances of abuse before they can occur and change a life forever. All donations from the tax checkoff go directly to the annual Prevention Grant program, which funds child abuse prevention projects, in the three counties of Delaware. By checking Line 54D, child abuse prevention projects are making Delaware a safer place for your children.



DELAWARE BREAST CANCER COALITION, INC.

Breast Cancer can be eradicated through education, early detection, research and treatment. DBCC is committed to providing the most current information in a compassionate, responsible manner. The objective is to increase awareness and decrease incidences of breast cancer in Delaware through a diverse grassroots network, that provides support and encouragement for all women to become more proactive in the awareness of this disease. We have developed a traveling pictorial essay exhibit that enables viewers to learn and experience first hand information. The exhibit consists of photographs, testimonials of breast cancer survivors, and current information to empower women in the fight against breast cancer. By checking Line 54E, a portion of your tax refund will work to reduce the rate of breast cancer in Delaware.



ORGAN AND TISSUE DONATION AWARENESS TRUST FUND

Contributions to the Organ and Tissue Donation Awareness Trust Fund will be used to fund awareness programs in Delaware's schools, among state employees, and through the state's driver's license program. This effort will help encourage Delaware residents to register as organ and tissue donors. By checking Line 54F, you can help.

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

DOVER

Division of Revenue
Thomas Collins Building
Suite 2
540 S. DuPont Hwy.
Dover, Delaware 19901
Telephone (302) 744-1085

WILMINGTON

Division of Revenue
State Office Building
9th & French Streets, First Floor
Wilmington, Delaware 19801
Taxpayers Assistance
Telephone (302) 577-8200

GEORGETOWN

Division of Revenue
422 N DuPont Highway
Suite 2
Georgetown, Delaware 19947
Telephone (302) 856-5358