

1999 DELAWARE 1999

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; increases in the standard deduction; and an increase in the volunteer firefighter, ambulance, rescue crew and auxiliary member credits effective for tax year 1999. The increase in the standard deduction also results in an increase in the filing threshold. If your income is below the filing threshold, you are not required to file a return. (However, if you have had taxes withheld or paid estimated taxes, you will want to file in order to receive a refund of those taxes.) (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.

Index

Topic	Page	Topic	Page	Topic	Page
Additional Standard Deduction 3 . . .	4	Filing Status	4	Residence	2
Address Change	4	Itemized Deductions	8	Self-Employed Health Insurance 42 . . .	8
Amended Returns	4	Line-by-Line Instructions	4	Steps for Preparing Your Return	2
Armed Forces, Members of	3	Penalties and Interest	3	U.S. Obligations 30	7
Child Care Credit 12	6	Pension Exclusion 31	7	When to File	2
Deceased or Disabled Persons	2	Personal Credits	5	What Documents to Attach	3
Estimated Tax, Requirement of Filing	3	Persons 60 or Over or Disabled 36 . . .	8	What to File	2
Extension of Time to File	2			Who Must File.	2

BULK RATE
 U.S. POSTAGE
 PAID
 PERMIT NO. 12
 WILMINGTON,
 DE

FROM
DIVISION OF REVENUE
STATE OF DELAWARE
P. O. BOX 508
WILMINGTON, DE 19899-0508

Who Must File

- If you are a **Full-Year Resident** of the State, you must file a tax return for 1999 if, based on your Age/Status, your individual adjusted Delaware gross income (AGI) exceeds the amount shown below:

AGE/ STATUS	Filing Status			Filing as a dependent on another person's return
	1 & 5	2	3 & 4	
	Filing single	Married filing a joint return*	Married filing separate*	
	Individual AGI exceeds			
Under 60	\$8,762	\$11,837	\$7,512	\$5,250
60 to 64**	\$11,087	\$14,135	\$9,837	\$5,250
65 and over OR BLIND**	\$13,587	\$16,635	\$12,337	\$7,750
65 and over AND BLIND**	\$16,087	\$19,135	\$14,837	\$10,250

*This dollar amount represents your individual Adjusted Gross Income, NOT a total combined with anyone else.

**Assumes only one spouse meets age or blindness criteria.

- If you are a **Part-Year Resident**, you must file a Delaware tax return:
 - If you had income from any source while a resident of Delaware, **or**
 - If you had income from a Delaware source while you were a non-resident of Delaware.

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.
- If you are a **Non-Resident** who had gross income in 1999 from sources in Delaware, you must file a Delaware tax return.

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.

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 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 the 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.

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 last 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.

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.

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:

- Your payment of any balance of estimated tax liability due for the year **AND**

- 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.

Steps for Preparing Your Return

Step 1

Complete your federal income tax return. It 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). See page 4 of this booklet.

Step 3

Using the line-by-line instructions, first complete all lines relevant to your return in Sections A, B, and C **on the back of the form**; then complete the front of the return.

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 200-01 or Form 200-03 EZ, 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 23, use:	P.O. Box 508 Wilmington, DE 19899-0508
If Refund on Line 24, use:	P.O. Box 8765 Wilmington, DE 19899-8765
If Zero Balance on Line 24, 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 County: 1-800-292-7826
Outside Delaware: 1-302-577-8208

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 or 4).

NOTES:

- The return is not complete unless it is signed and dated.
- If filing a joint return or a combined separate 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 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. If you are taking a credit for Child and Dependent Care expenses, also attach a copy of :
 - Federal Form 2441, if you filed Federal Form 1040 or,
 - Federal Schedule 2, if you filed either Federal Form 1040 A or Form 1040PC.
5. A copy of Form A-1, if you take a credit for taxes paid by an S Corporation (1100S).

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 Unemployment Compensation, a lump sum distribution or a large bonus at the end of the year.**

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

- Your employer does not withhold Delaware tax or
- You work in another state whose tax withholding rate is lower than 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 19, Net Balance Due) is more than 10% of the tax shown on your return (Line 14, 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:

1. You had no tax liability for 1998, or

2. The total of Line 13 (Total Non-Refundable Credits) and Line 18 (Total Refundable Credits) on your 1999 return equals at least the tax liability shown on your 1998 return and estimated tax payments were made on time.

Reminders: Penalties and Interest

1. **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.
2. **Penalty - Late-filing of balance due return**
The law imposes substantial penalties for failure to file a timely return. Late-filed returns with a balance due are subject to a penalty of 5% per month up to a maximum of 50% of the balance due.
3. **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.
4. **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.
5. **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.

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.

Members of Armed Forces

While you are stationed in Delaware your military and non-military pay is subject to Delaware state income tax as follows:

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, 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.

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 200-01-X to change an income tax return you have already filed, and attach a copy of any federal adjustments.

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.

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(s) in any correspondence with the Division of Revenue, or you may change your address by calling the **Address Change voice mailbox at (302) 577-8589**.

FRONT OF FORM 200-01

Preprinted Label

Attach the preprinted label provided with your booklet or postcard to the front of the form in the space provided, *if your name, address, or social security number has NOT changed since last year*. NOTE: To protect your privacy, the number on your label is not your Social Security Number.

DO NOT use the mailing label if your name, address, Social Security Number or marital filing status HAS changed since last year. 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, 3, AND 4 - MARRIED TAXPAYERS

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

By using Filing Status 4, you are in fact filing two separate returns which have been combined on the same form for convenience.

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 or 4, both you and your spouse must compute your taxable income 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.**

For Filing Status 3 or 4, 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.

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.

LINE-BY-LINE INSTRUCTIONS

Next, complete the back of this form beginning with Line 25. **Instructions begin on Page 7.** Once the back is completed, return to the front and follow the instructions below.

1

Delaware Adjusted Gross Income

Enter the amount from Line 38 on the back of your return.

NOTE: If you have no Delaware modifications and do not elect to itemize your deductions, you may eliminate completing page 2 of the return and begin on Line 1 of the Delaware return by entering your Federal Adjusted Gross Income from Federal Form 1040, Line 33; 1040A, Line 18; 1040EZ, Line 4, or telefile, Line I.

2a

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 the block on Line 2a and enter the appropriate amount as listed below:

Delaware Filing Status	Standard Deduction	Enter on Line 2
1	\$3,250	Column B
2	\$4,000	Column B
3	\$2,000	Column B
4	\$2,000	Column A & B
5	\$3,250	Column B

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.

2b

Itemized Deductions

If you elect to itemize deductions:

- a. Check the block on Line 2b.
- b. Complete Section C, Lines 39 through 45 on the back of your Delaware return.
- c. Enter the amount from Line 45 on Line 2.
- d. Attach a copy of Federal Schedule A to your Delaware return.

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.

3

Additional Standard Deduction

The additional standard deduction is allowable only for those persons 65 and over or blind, electing to use the Delaware standard deduction (Line 2a).

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:

1. Be sure you checked the block on Line 2a to indicate you are using the standard deduction.
2. Check the appropriate box(es) relating to age and/or blindness on Line 3.
3. Multiply the number of boxes checked on Line 3 by \$2,500 and determine the total (a maximum of \$5,000 per individual).
4. If you are filing a combined separate return, enter the amount pertaining to each spouse (boxes checked x \$2,500) in the spouses' respective columns (\$5,000 per spouse age 65 or over and blind; \$2,500 per spouse age 65 and over or blind).
5. All other filing statuses should enter the total for both individuals in Column B.

6 Tax Liability

If Line 5 is less than \$60,000, use the tax table to compute your tax liability. If Line 5 is \$60,000 or greater, use the tax schedule to compute your tax liability. Enter your tax liability on Line 6.

7 Lump Sum Distribution

This line applies only when a participant's entire interest in a qualified plan is received in a single year. In the case of someone not self-employed, the distribution must have been made because of the participant's death or separation from employment, or after the participant had attained age 59½. In the case of a self-employed person, it must have been made because of the participant's death or after the participant reached age 59½ unless he or she was previously disabled.

Delaware does not impose a penalty for early withdrawal from IRAs and Pension Plans. The law provides for separate tax treatment of lump sum distributions received from qualified pension plans, profit sharing or stock bonus plans. The law provides for ten year averaging of the distribution designated to be taxed as ordinary income. Under this provision, lump sum distributions will be taxed separately as ordinary income in the year of receipt. However, the federal "roll over" provisions apply to this income, so recipients have sixty days in which to invest the proceeds of the lump sum distributions into an IRA or other qualified pension plan without being subjected to tax. Persons receiving a lump sum distribution in 1999 must complete Delaware Form 329 to compute the tax liability on this income. The amount of tax (from Line 16, Form 329) should be placed on Line 7 of the Delaware return. You must attach Form 329 and Federal Form 4972 to your return. If you received a lump sum distribution, but did not qualify for or did not elect lump sum averaging on your federal form, see instructions, Line 33.

9a Personal Credits

Enter the total number of personal exemptions claimed on your federal return, multiply by \$100 and enter the total on Line 9a.

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. (If you are filing a combined separate return (Filing Status 4), split the total between Columns A and B in increments of \$100. All other filing statuses, place the total in Column B.)

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 9a.

9b Additional Personal Credit

If you and/or your spouse were 60 years of age or over on December 31, 1999, check the appropriate box(es), multiply the number of boxes checked by \$100, and enter the total on Line 9b. (If you are filing a combined separate return (Filing Status 4), enter \$100 in the column(s) that correspond to the checked box(es).)

10 Other State Tax Credit

If you are a resident of Delaware (or elect to be taxed as one) and pay income taxes to another State on income earned in the other State which is also included in your Delaware taxable income, the law allows you a tax credit against your Delaware income tax. **Do not include city wage taxes or county taxes that may be payable with your other State return.** (See Worksheet below.) If you claim the tax credit, you must attach to your Delaware return a signed copy of the income tax return filed with the other State(s). With regard to any credit claimed for taxes paid to another state, the credit is limited to the smallest of the following:

- a. The Delaware tax liability;
- b. The tax liability due and paid to the other state (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 from sources in the other state and the denominator of which is your Delaware Adjusted Gross Income (Line 1).

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 purpose of this credit and, therefore, can be claimed as credit on Line 10.

11 Volunteer Firefighter/Other Non-Refundable Credit

Enter on Line 11 the total of the following credit(s) to which you are entitled:

Volunteer Firefighter's Credit

The law allows a credit up to \$300 against the income tax liability of Delaware residents who are active firefighters, or members of fire company auxiliaries or rescue squads, for the purchase of clothing, equipment, motor fuel and other items necessary to perform their duties. To qualify for the credit, you must be an active volunteer firefighter on call to fight fires on a regular basis, a member of a fire company auxiliary, or active member of an organized rescue squad in a Delaware Volunteer Company.

If you qualify for this credit, claim it on Line 11, Column A and/or B. Only one \$300 credit may be claimed by each spouse. A credit may not be claimed for any of the following items: raffle tickets, benefit dinners, cash contributions, auctions, or any other such function.

Form 700 Credits

Any taxpayer claiming any of these credits should complete Form 700 (available upon request from the Division of Revenue) and submit it with their Delaware return.

Blue Collar. Certain businesses are eligible for tax credits based on combinations of capital investment and new employment in this state. These credits may be taken on personal income tax returns, in the case of business proprietors, partners in partnerships, or shareholders in S Corporations.

Green Industry credits are available for reducing waste release, use of recycled materials, processing of waste materials, and collection and distribution of recycled materials. Only those taxpayers whose eligi-

LINE 10 WORKSHEET. CREDIT FOR TAXES PAID TO ANOTHER STATE

	Column A	Column B
1. Enter adjusted gross income from the other state return.	_____	_____ 1
2. Delaware adjusted gross income (Line 1 of return).	_____	_____ 2
3. If Line 1 is less than Line 2: divide Line 1 by Line 2 and enter here.	_____	_____ 3
If Line 1 is greater than Line 2: enter 100% here.	_____	_____ 3
4. Enter amount from Line 6, Form 200-01.	_____	_____ 4
5. Multiply Line 3 by Line 4.	_____	_____ 5
6. Enter taxes paid to other states.	_____	_____ 6
7. Your credit allowance for this state is the smaller of Line 5 or 6. Enter this amount here and on Line 10 of Form 200-01.	_____	_____ 7

bility is certified by the Department of Natural Resources and the Delaware Development Office may claim these credits.

Brownfield tax credits are available for 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.

12 Child Care Credit

A resident individual is allowed a credit against his/her individual tax in the amount of fifty percent (50%) of the child and dependent care credit allowable for federal income tax purposes. Use the worksheet provided below to compute the amount of the deduction.

In the case of a husband and wife who file a joint federal return, but who elect to file separate or combined separate returns for Delaware, the credit may only be applied against the tax imposed on the spouse with the lower taxable income reported on Line 5.

LINE 12 WORKSHEET. CHILD CARE CREDIT

Enter the total amount from Line 9 of Federal Form 2441, or Line 9 of Schedule 2 1040A or 1040PC (Federal Form and/or Schedule must be attached) and multiply by 50% (.50).

_____ x .50 = \$ _____

Enter result on Line 12 of your return. Do not enter an amount in excess of \$720.

NOTE: You must attach to your Delaware return a copy of Federal:

- Form 2441, if you file Federal Form 1040; or
- Schedule 2, if you filed either a Federal Form 1040A, or Form 1040 PC.

13 Total Non-refundable Credit

The total of all non-refundable credits (Lines 9a through 12) is limited to the amount of your Delaware tax liability on Line 8.

15 Delaware Tax Withheld

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

16 Estimated Tax Payments and Payments with Extensions

Enter on Line 16, Column A and/or B, 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 a combined separate return (Filing Status 4), you may allocate the estimated tax payments in any manner you wish. All other filing statuses must claim the estimated tax payments under the Social Security Number for which the payments were made.

17 S Corporation Payments

Enter on Line 17, Column A and/or B 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.

21 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 21. 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.

22 Application to 2000 Estimated Tax Account

If you are using Filing Status 1, 2, 3 or 5, and wish to apply a portion of your overpayment to your 2000 Estimated Tax Account, enter on Line 22 the portion of your overpayment (Line 20 less Line 21) to be applied. If you use Filing Status 4, enter on Line 22 the portion of your net overpayment (Line 20, Column A and B, less Line 19, Column A and B, less Line 21) to be applied.

NOTE: Any amount entered on Line 22 will reduce the amount of overpayment refunded to you.

23 Net Balance Due

If you are using Filing Status 1, 2, 3 or 5, enter the amount of the net balance due (Line 19 plus Line 21) and pay in full. If you are married using Filing Status 4, enter the total balance due (Line 19, Column A and B, less Line 20, Column A and B, plus Line 21) and pay in full.

LINE 25 WORKSHEET. ALLOCATION OF SPOUSES' FEDERAL ADJUSTED GROSS INCOME (Filing Statuses 3 and 4 Only)

	Federal	Spouse	Yourself	
1. Wages, salaries, tips, etc.	00	00	00	1.
2. Interest	00	00	00	2.
3. Dividends	00	00	00	3.
4. Refunds of state and local income taxes	00	00	00	4.
5. Alimony received	00	00	00	5.
6. Business income or (loss)	00	00	00	6.
7a. Capital gain or (loss)	00	00	00	7a.
7b. Other gains or (losses)	00	00	00	7b.
8. IRA distributions	00	00	00	8.
9. Taxable pensions and annuities	00	00	00	9.
10. Rents, royalties, partnerships, estates, trusts, etc.	00	00	00	10.
11. Farm income or (loss)	00	00	00	11.
12. Unemployment compensation (insurance)	00	00	00	12.
13. Taxable social security benefits	00	00	00	13.
14. Other income (state nature and source)	00	00	00	14.
15. Total income. Add Lines 1 through 14	00	00	00	15.
16. Total Federal Adjustments (Federal Form 1040, Line 32 or 1040 A, Line 17)	00	00	00	16.
17. Federal Adjusted Gross Income. Subtract Line 16 from Line 15. Enter on page 2, Line 25, Columns A and B of your Delaware return.	00	00	00	17.

24 **Net Refund**

If you are using Filing Status 1, 2, 3 or 5, enter the amount of the total refund (Line 20 less amounts on Line 21 and/or Line 22) to be refunded to you. If you are using Filing Status 4, enter the total net refund (Line 20, Column A and B, less Line 19, Column A and B, less amounts on Line 21 and/or 22) to be refunded to you. If you do not have a balance due or a refund due, enter "0" on Line 24.

BACK OF FORM 200-01

25 **Federal Adjusted Gross Income**

If you are using filing status 1, 2 or 5, enter your Federal Adjusted Gross Income from Federal Form 1040, Line 33; 1040A, Line 18; 1040EZ, Line 4. If you filed a federal telefile return, Line I. If you were not required to file a federal return, fill out one of the mentioned federal forms to determine your federal adjusted gross income. If you are using filing status 3 or 4, use the worksheet on page 6 to assist in separating income, losses and deductions between spouses.

26 **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 26. Examples of **interest that is taxable**:

- Interest received on Pennsylvania Turnpike Bonds.
- Mutual fund dividends not included on Line 25 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).

27 **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 27.

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 27.

30 **U.S. Obligations**

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 30. Failure

LINE 30 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.)	

to identify the payor on Federal Schedule B or Federal Form 1040A Parts I and II will result in the disallowance of the deduction. 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 30. (Examples are shown in the table above.)

31 **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.

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 31.

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).

32 **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 32. 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; and
- b. The amount of gain from Delaware Lottery winnings.

Enter the lesser amount on Line 32.

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 32.

Work Opportunity Credit

The law allows a deduction for the portion of wages paid but disallowed as a deduction for federal tax purposes by reason of claiming the work opportunity credit on the federal return. That portion of the deduction for wages, which is disallowed for federal purposes, should be entered on Line 32. In order to claim this modification, you must attach Federal Form 5884.

Travelink Program

You may enter on this line any income you received by virtue of your employer's providing or subsidizing a vehicle for your commuting to and from work, provided:

1. Your employer is an approved participant in the Department of Transportation Travelink Program; and
2. The amount you are subtracting on this line was expressly included in the total income on Line 25.

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.

33 Social Security/Railroad Retirement Benefits

Social Security and Railroad Retirement benefits are not taxable in Delaware and therefore should not be included in taxable income. Enter on Line 33 the total of any taxable payments included on Line 25.

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.

Certain Lump Sum Distributions

Enter on Line 33 the amount, if any, of lump sum distributions included in federal adjusted income which you used to calculate the tax on Line 7.

36 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 36 worksheet on this page.

Itemized Deductions

If you elect to itemize deductions, complete Section C, Lines 39-45, 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 deduction 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.

39 Itemized Deductions From Schedule A

Enter on Line 39 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.

40 Foreign Taxes 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 40. On Line 40, 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 40 the amount of foreign tax paid.

41 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 41.) \$ ___

42 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.

44 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 10 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 44, 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 44 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 44.

NOTE: Local taxes included in your federal itemized deductions should not be included on Line 44. Also, state taxes paid to another state for which you will not claim a credit on Line 10 of your Delaware return should not be included on Line 44.

45 Total Itemized Deductions

Subtract Line 44 from Line 43 and enter the results here and on Line 2 of your Delaware return. Make sure you have checked the block on Line 2b to indicate that you are electing to itemize your deductions.

Always compare the results of Line 45 to the standard deduction; you may benefit from using the standard deduction and from any additional standard deductions available. In addition, Line 45 should not be less than the federal deductions that are not subject to reduction under federal law.

LINE 36 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?		
Did you earn income (i.e., wages, tips, farm or business income) total less than \$2,500?			Is combined earned income (i.e., wages, tips, farm or business income) less than \$5,000?		
Is Line 35 \$10,000 or less?			Is Line 35 \$20,000 or less?		

If you answered YES to all, enter \$2,000 on Line 36

If you answered YES to all, enter \$4,000 on Line 36

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

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 21A. 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 21B, 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 21C, 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 21D, 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 21E, a portion of your tax refund will work to reduce the rate of breast cancer in Delaware.



ORGAN AND TISSUE DONATION AWARENESS TRUST FUND

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 21F, 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