

**TAX TIPS FOR  
COMMERCIAL FEED DEALERS  
CONDUCTING BUSINESS IN DELAWARE**

**Things You Should Know**

**Definitions,** 30, *Del. C., Ch 29*

A wholesaler is every person engaged as an owner or agent in the business of selling to or exchanging with another person goods for cash, barter or any consideration for the purpose of resale by the person acquiring the goods sold or exchanged and includes without limitation goods sold or exchanged through outlets, warehouses and distribution depots of persons whose principal place of business is located inside or outside Delaware. Every person engaged in the business of buying, selling and shipping commercial feeds is exempt from general provisions as a wholesaler and is subject to the following provisions.

"Goods" includes merchandise, wares, metals, wood, liquids, gas, alcoholic beverages, motor vehicles, gems, products, produce, trees, shrubs, plants, flowers, crops, livestock, animals or any tangible personal property whether new or used. With respect to a commercial feed dealer, the term "feed" is not defined by statute.

**Gross Receipts**

Gross receipts includes total consideration received by a wholesaler for goods physically delivered within this State to the purchaser or his agent. Consideration for goods sold or services rendered includes cash, checks, credit cards, gift certificates, travelers checks, money orders, barter, trade-ins, manufacturer's coupons and rebates and any other consideration of any kind.

**Gross Receipts Do Not Include:**

- Tobacco products tax or motor fuel taxes paid or payable to the State of Delaware
- Gasoline or special fuel taxes paid to the Federal government
- Alcoholic beverages
- Home heating oil
- Returned merchandise or like kind exchanges
- Motor vehicles, trailers and motorcycles titled to the owner
- Unprocessed agricultural products including nursery and floral sold by the owner of the farm or nursery
- Crabs sold by a person who holds a Delaware license to conduct commercial crabbing
- Certain sales to the State of Delaware which are administered by the Department of Administrative Services
- Goods delivered to the U.S. Mail or to a common carrier for delivery to a point outside of Delaware
- Goods picked-up by the purchaser for immediate delivery outside of Delaware. **Form 373, Wholesale Exemption Certificate**, required and available at Division of Revenue offices

**Gross Receipts May Not be Reduced By:**

- Cost of property sold, Cost of material and/or labor, Interest, discount or delivery costs, State or Federal taxes.

**License and Gross Receipts Requirements**

A commercial feed dealer is required to obtain a business license -- \$75 for each location which must be renewed annually on or before December 31st of each year. Additionally, every commercial feed dealer must pay a gross receipts tax at the rate of .0996% (.000996) on taxable gross receipts received from selling tangible personal property. The first \$100,000 (\$300,000 quarterly) of gross receipts received per month are exempt from the gross receipts tax. Gross Receipt taxes should be filed on-line or with a paper form. Both can be accessed from our website at [www.revenue.delaware.gov](http://www.revenue.delaware.gov) To register with the Division of Revenue and obtain a business license, complete a Combined Registration Application, available on the Internet and mail to the Division of Revenue with the appropriate fee or you can file on-line at our OneStop site using the link above.

**SPECIAL NOTE: ALL SALES TO THE STATE OF DELAWARE, THE UNITED STATES AND THEIR INSTRUMENTALITIES, AGENCIES AND POLITICAL SUBDIVISIONS ARE CONSIDERED WHOLESALE SALES.**

**Tax Rates and Exclusions**

|                        | <b>Tax Rate</b>        | <b>Monthly<br/>Exclusion</b> |
|------------------------|------------------------|------------------------------|
| Commercial Feed Dealer | .000996                | \$100,000                    |
| Sample Calculation     | Total Gross Receipts   | \$173,000                    |
|                        | Less Exclusion         | <u>100,000</u>               |
|                        | Taxable Gross Receipts | \$ 73,000                    |
|                        | Tax Rate               | <u>x .000996</u>             |
|                        | Tax Due                | \$ 73                        |

(Note: Delaware requires that tax due be rounded-off to the nearest dollar amount.)

**Due Dates of Returns**

New licensees will file on a quarterly basis through their first calendar year. The Division of Revenue will then perform a "lookback" procedure and determine if the filing frequency should be changed.

Monthly Filers 20<sup>th</sup> day of the following month  
Quarterly Filers last day of the first month after the end of the calendar quarter.

**Gross Receipts Tax Exemption**

Gross receipts (and for purposes of the tax imposed by Chapter 43, Title 30 of the Delaware Code "rent" and "lease rental payments") from transactions between related entities are not subject to gross receipts tax. For this purpose, entities are "related" only if (i) the same five or fewer natural individuals own, directly, indirectly or beneficially, 80% or more of each entity, or (ii) 100% of each entity is owned by member or members of a single family. See Section 2210(b) of Title 30 of the Delaware Code for further details, including the definition of family member for purposes of this exclusion.

**Common Ownership/Direction**

A business that operates through more than one branch or legal entity is only entitled to one monthly or quarterly exclusion from gross receipts, if the branches or entities making up the enterprise have common ownership or common direction and control.

**Caution Concerning Multiple Exclusions**

Nearly all licensees are permitted to reduce their monthly or quarterly gross receipts by certain specific exclusions in determining their taxable gross receipts. The Delaware Code limits the number of allowable exclusions for each general business activity. A taxpayer conducting a business activity for which an exclusion is provided is entitled to **ONLY ONE** monthly or quarterly exclusion regardless of the number of locations at which such activity is conducted.

**Regulatory and Local Requirements**

The Business License Issued by the Division of Revenue is not a regulatory license and the issuance of such license does not attest to the qualifications of the applicant to perform the activity described on such license. Many local jurisdictions have requirements for a business license and may have restrictions concerning the locations of conducting the referenced business activity. Please check with the local government office in the town, city or county in which you will conduct your business.

The State of Delaware also has a Division of Professional Regulations. Many occupations and some types of equipment have regulatory requirements. Please contact the Division of Professional Regulation for more information.

**General**

If you have any questions, please contact one of the following offices

| <i>Wilmington</i>   | <i>Dover</i>  | <i>Georgetown</i>   |
|---|---|---|
| Division of Revenue<br>Carvel State Office Building<br>820 North French Street<br>Wilmington DE 19801<br><br>(302) 577-8205 | Division of Revenue<br>Thomas Collins Building<br>540 South DuPont Highway<br>Suite 2<br>Dover DE 19901<br><br>(302) 744-1085 | Division of Revenue<br>20653 Dupont Blvd Suite 2<br>Georgetown DE 19947<br><br>(302) 856-5358 |

or by e-mail at: [william.kirby@state.de.us](mailto:william.kirby@state.de.us) or 302-856-5358 ext.137.

File Gross Receipts On-line:  
[www.grossreceiptsfiling.delaware.gov](http://www.grossreceiptsfiling.delaware.gov)

or

Print an Interactive Gross Receipts Coupon:  
[http://www.revenue.delaware.gov/services/Business\\_Tax/Forms\\_New.shtml#gr](http://www.revenue.delaware.gov/services/Business_Tax/Forms_New.shtml#gr)