



Kathy L. Revel, Director

**Delaware Division of Revenue Update
Federal and State
December 2024**

Topics



- Division of Revenue
 - Contact Information
- 2025 Business Tax Year Changes
- 2024 Personal Income Tax Year Changes
- Filing Reminders
- Modernization Project

Helpful Contacts



| Type of Inquiry | Telephone Number | Email Address |
|--------------------------------|--|---|
| Personal Income Tax Assistance | (302) 577-8200 | <u>DOR_PublicService@delaware.gov</u> |
| Collections/Account Management | (302) 577-8785 | <u>DOR_Collections@delaware.gov</u> |
| Installments | (302) 577-8586 | <u>DOR_Collections@delaware.gov</u> |
| Business License Assistance | (302) 577-8778 | <u>DOR_BusinessTax@delaware.gov</u> |
| Corporate Franchise Tax | <i><u>(see Division of Corporations)</u></i> | <u>DOSDOC_ftax@delaware.gov</u> |
| Corporate Tax Auditors | (302) 577-8783 | <u>DOR_CorpTax@delaware.gov</u> |
| Corporate Tax Refund/Returns | (302) 577-8781 | <u>DOR_CorpTax@delaware.gov</u> |
| Gross Receipts | (302) 577-8780 | <u>DOR_BusinessTax@delaware.gov</u> |
| Personal Income Tax Auditors | (302) 577-8994 | <u>DOR_PersIncTax@delaware.gov</u> |
| Refund Assistance | (302) 577-8784 | <u>DOR_RevAccounting@delaware.gov</u> |
| Withholding Tax | (302) 577-8779 | <u>DOR_BusinessTax@delaware.gov</u> |
| Tax Conferee | | <u>TaxConferee@delaware.gov</u> |

2024 Business Tax Changes



- House Bill 168 creates a short-term rental lodging tax at a rate of 4.5%.
- Accommodations tax is collected for the occupant at time of rental
- License Requirement for Accommodations intermediary of \$25 per year.
- Short-term rental defined as no more than 31 consecutive nights
- Accommodations intermediary defined as person engaged in the business of facilitating or arranging a short-term to an occupant on a website or through other means

2024 Business Tax Changes



- Effective for rental transactions beginning on January 1, 2025, and forward
- All short-term rental lodging tax will be submitted through Delaware tax portal (tax.delaware.gov)
- Licenses are required to be obtained via onestop.delaware.gov
- See Delaware Technical Memorandum 2024-01 for more information

2024 PIT Changes



- Active Labor Organization Dues can be deducted up to \$500 or the actual amount paid which ever is less to stay in the union. You may take the deduction on Line 16 of the Delaware Resident Return to the extent the dues have not already included on your federal return, or the dues are used by the union to cover benefits such as health insurance, retirement plans, lobby or engage in political activities or pay for legal cost or fines.

2024 Tax Filing Season



- Refund times 10-12 weeks
- Refunds are not expected until to be issued until February 14, 2025
- Improvements:
 - Refund Statuses on Portal
 - Correspondence Notification

2024 Tax Filing Season



Processing Delays and Enforcement

- Returns that do not use legal names (Initials or Middle Names)
- Married Filing Separate Returns without spouses Social Security numbers
- Delaware reviews all returns with significant losses on Schedule C, E, and F
- S-Corp estimated payments claimed but S-Corp has not been filed with Division
- Report all W-2s and 1099Rs. Division matches all returns to W-2 and 1099R data filed by employers.
- Division reviews all returns with significant itemized deductions.
- Employers will be fined for not filing W-2s and 1099Rs timely.
- Do not list capital gain estimated payments as withholding. This causes delays due to matching to W-2s and 1099Rs. Please use designated line.
- Other state returns must be attached to the return in order to receive credit for taxes paid to another state.
- Delaware schedules (I, II, III, IV, and V) must be completed
- If you are filing form RSA for married filing combined separate return that column A and B equal the total amounts claimed on the schedule before submitting the return electronically or by paper.
- Fire Fighter Credits – when Fire companies are delayed in reporting active members. Division verifies all credits before return is processed.

Business Tax Enforcement



- Division will begin to impose penalties on Employers who fail to submit their W-2s and 1099Rs to the Division timely
- Division will begin to impose penalties on Businesses who fail to submit forms electronically as required by law.

The logo features the word "IRAS" in a large, bold, dark blue sans-serif font. To the right of the "S" is a teal-colored outline of the state of Delaware. Below "IRAS" is the word "DELAWARE" in a smaller, bold, dark blue sans-serif font. At the bottom is the phrase "DIVISION OF REVENUE" in a teal-colored sans-serif font. The entire logo is centered within a white circle that has a dark teal, textured border.

IRAS
DELAWARE
DIVISION OF REVENUE

What is IRAS?

- IRAS is ...
 - A modernized, web-based, real-time processing system
 - Including registration, return processing, payment processing, taxpayer accounting, revenue accounting, audit, collections, and case management
- Taxpayers can access more information online through the portal
 - File and pay for Personal Income Tax, Withholding, Gross Receipts, and other business taxes
 - File and pay estimated taxes for Personal Income
 - Account Balance & Transaction Information
 - Access to Correspondence (e.g., Bills, Requests, TANs)
 - Delegation to Tax Preparers
 - Service Requests
 - Reprint Licenses Immediately
 - Payment Plans
 - Pay Bills Online
 - Bulk Filing



When and what?



IRAS & Portal Go Live Dates

- Launched in November 2020
- Portal launched in December 2020
- Portal File, Pay, and more is now available to
 - File returns
 - Pay tax
 - Renew business licenses
 - Request assistance (help tickets)
 - View correspondence online
- Business-Related Taxes
 - Business licenses
 - Gross receipts
 - Alcohol and Tobacco Taxes
 - Withholding Tax
 - Tangible Personal Property Use Tax
 - Realty Transfer Tax
 - Public Accommodation Tax
 - Public Utilities Tax
 - E-911 Surcharge
 - Manufactured Home Trust Fund Payments

Release 2 – October 2022

- Personal Income Tax
- Estate Tax

Release 3-A – June 2024

- Marijuana Tax

Release 3 B – In Progress (Fall of 2025)

- Corporate Income Tax
- Pass-Through Entities
- Headquarters Management Corporations

Portal Information

Portal Help

- Portal PIN Letters are needed to register for the Portal and are sent when a new business license is issued
- PIT shared secret information (e.g., AGI, SSN, etc.) is required for portal account access
- Help guides are also available online under the FAQ for the new Portal
- DOR has an internal dedicated support team
- Terri Arndt (302-744-1096 or terri.Arndt@delaware.gov) is DOR's internal lead on portal issues

Portal URL:

<https://tax.Delaware.gov>

Ongoing Project Information and Updates:

<https://revenue.delaware.gov/info/modernization/>

Questions?

