

THE REALTOR® AND EARNED INCOME TAX FREQUENTLY ASKED QUESTIONS

**ARE YOU A RESIDENT OF THE CITY OF
WILMINGTON?**

**ALL RESIDENTS OF THE CITY OF WILMINGTON
ARE SUBJECT TO THE EARNED INCOME TAX. THE
TAX IS PAYABLE ON ALL EARNED INCOME
(WHETHER DERIVED FROM WAGES OR BUSINESS
INCOME) REGARDLESS OF WHERE YOU MAY
WORK, WHETHER INSIDE OR OUTSIDE THE CITY.**

**CONDUCTING BUSINESS IN THE CITY OF
WILMINGTON FOR A REALTOR® MEANS
PERFORMING ANYONE OR COMBINATION OF THE
FOLLOWING: LIST; SALE; LEASES; MANAGES;
MARKETS; OR SHOW PROPERTY**

**ANY PERSON WHO WORKS IN THE CITY OR
CONDUCTS BUSINESS IN THE CITY FROM WHICH
HE OR SHE DERIVES WAGES OR BUSINESS INCOME,
IS SUBJECT TO THE CITY'S EARNED INCOME TAX,
REGARDLESS OF WHETHER HE OR SHE LIVES IN
THE CITY OR NOT.**

HOW IS THE TAX CALCULATED?

**THE EARNED INCOME TAX THAT IS DUE IS
CALCULATED AS THE PRODUCT OF 1.25 PERCENT
TIMES THE APPLICABLE WAGES OR NET PROFITS
ON BUSINESS INCOME OF THE TAXPAYER.**

WHEN IS THE EARNED INCOME TAX PAYABLE?

**THE EARNED INCOME TAX IS PAYABLE MONTHLY
IF THE AMOUNT WITHHELD IS \$50.00 OR MORE. IF
IT IS LESS THAN \$50.00 PER MONTH, IT IS PAYABLE
QUARTERLY. NET PROFITS TAX IS AN ANNUAL
TAX DUE ON APRIL 15TH EACH YEAR.**

DOES AN EMPLOYER HAVE A RESPONSIBILITY TO COLLECT THE EARNED INCOME TAX OF ITS EMPLOYEES? BUT I AM SELF-EMPLOYED

YES. IF THE EMPLOYER OR SELF EMPLOYED AND OPERATES FROM WITHIN THE STATE OF DELAWARE, IT HAS A STATUTORY RESPONSIBILITY TO COLLECT AND REMIT THE TAX TO THE CITY. FAILURE TO COLLECT AND REMIT THE EARNED INCOME TAX AS REQUIRED SUBJECTS THE EMPLOYER TO JOINT LIABILITY FOR THE TAX, AS WELL AS ALL ACCRUED PENALTIES, INTEREST AND OTHER CHARGES.

WHAT HAPPENS IF A REALTOR® DOESN'T PAY THE EARNED INCOME TAX?

FAILURE TO PAY THE TAX ON A TIMELY BASIS SUBJECTS THE TAXPAYER TO STATUTORY PENALTIES AND INTEREST. IF THE TAXPAYER DOES NOT VOLUNTARILY PAY THE TAX AND ALL ASSESSMENTS THEREON, THE ACCOUNT WILL BE REFERRED TO EITHER OR BOTH A THIRD PARTY COLLECTION AGENCY OR TO AN OUTSIDE LAW FIRM WITH AUTHORITY TO TAKE SUCH ACTION AS MAY BE NECESSARY AND APPROPRIATE TO COLLECT THE DEBT, INCLUDING BUT NOT LIMITED TO FILING SUIT AND EXECUTING ON ANY JUDGMENT OBTAINED IN CONNECTION THEREWITH. IN ADDITION, THE CITY MAY ELECT TO REPORT THE TAXPAYER'S EARNED INCOME TAX DELINQUENCY TO ONE OR MORE CREDIT REPORTING AGENCIES.

WHY DOES THE CITY HAVE AN EARNED INCOME TAX?

THE CITY USES THE REVENUES FROM THE EARNED INCOME TAX TO FUND, STAFF AND ADMINISTER A MYRIAD OF CITY SERVICES THAT WORK TO STRENGTHEN NEIGHBORHOODS AND TO PROMOTE AND SUSTAIN BUSINESS ACTIVITY AND

ECONOMIC DEVELOPMENT. BY WAY OF EXAMPLE, THESE REVENUES HELP TO EQUIP, TRAIN, AND RETAIN POLICE AND FIREFIGHTERS, TO SWEEP THE STREETS AND PICK UP THE TRASH, TO ENFORCE THE CORRECTION OF LICENSING AND INSPECTION CODE VIOLATIONS, AND TO PROMOTE CITY CULTURAL AND ENTERTAINMENT VENUES LIKE THE CLIFFORD BROWN JAZZ FESTIVAL.

HOW DOES A REALTOR® FIND OUT MORE ABOUT THE EARNED INCOME TAX?

IF YOU WOULD LIKE MORE INFORMATION ABOUT THE CITY'S EARNED INCOME TAX OR WOULD LIKE TO OPEN AN ACCOUNT TO PAY THE TAX, PLEASE CONTACT THE FINANCE DEPARTMENT, EARNED INCOME DIVISION, 6TH FLOOR, LOUIS L. REDDING CITY/COUNTY BUILDING, 800 FRENCH STREET, WILMINGTON, DELAWARE 19801, OR CALL (302) 576-2418.

Thank you for participating!

For more information on RC₂ Power Real Estate Principles Seminars presentations and workshops call Vincent M.White CRB, CRS, IDECC @ 302-764-9596