

Delaware Withholding Form W3

Monthly and Quarterly Annual Reconciliation

INSTRUCTIONS

The W-3 Annual Reconciliation/Transmittal Form must be filed on or before the last day of January and must be accompanied by a duplicate of each statement of Income Tax Withheld (Federal Form W-2) issued to employees during the year. Be sure to check the box on the W-3 form if filing on magnetic media.

All employers who are required to file W-2's and 1099's electronically for federal purposes are now required to file those returns electronically for Delaware. Failure to comply will result in penalties equal to one-half the amounts specified in the Internal Revenue Code for the same requirement. Include only those employees who have Delaware wages on those tape(s). For more information regarding filing on magnetic media, please refer to Technical Information Memorandums 99-5 and 2000-1 and 2001-5. You must also include a copy of all 1099's on which Delaware withholding tax is indicated.

Specific Instructions

Account Number	Enter your account number.
1st Check Box	Check the box if W2 and/or 1099's are being submitted Electronically
2nd Check Box	Check the box if you are filing a change form and complete the space provided.
Taxpayer Name	Enter you full name.
Taxpayer Address	Enter your current address.
Line 1	Enter the total amount of the Delaware wages.
Line 2	Enter the total number of W-2s and/or 1099s.
<p>Withholding Worksheet</p> <p>Enter the amount of tax paid and tax withheld for each month of the year from your payroll records.</p>	
Line 3	Add the amount of Delaware Income Tax Withheld from the worksheet (per W-2s and 1099s), compare that amount to the amount withheld. These amounts must equal, if they do not, determine where the error occurred and make any necessary correction(s) on the worksheet.
Line 4	Add the amount of Delaware Income Tax Paid from the worksheet (per W-2s and 1099s), compare that amount to the amount paid. These amounts must equal, if they do not, determine where the error occurred and make any necessary correction(s) on the worksheet.
Line 5	<p>Subtract Line 4 from Line 3.</p> <p>(5a). If Line 3 is less than Line 4, an Underpayment exists. Enter the Balance Due amount and remit the total amount due with this return. Section 537 of Title 30 of the Delaware Code provides that no credit or refund will be made to any employer if the employer was required and deducted Delaware withholding taxes from its employees. In such case, the employee must file a Delaware personal income tax return to claim the over withheld income taxes.</p>
	(5b) – If Line 4 is greater than Line 3, then an Overpayment exist. Enter the amount and be sure to attach an explanation of how the overpayment occurred. DO NOT take a credit for any overpayment on your next return. An overpayment existing at the end of the calendar year cannot be carried over to the next calendar year.