

# 25 REASONS

## TO FORM A DELAWARE COMPANY

- 1. You can form a Delaware LLC or Corporation by internet, fax, or mail WITHOUT EVER COMING TO DELAWARE.** DBI can electronically register your new Corporation or LLC in Delaware within as little as an hour from receipt of your internet order or signed order form with payment (on orders received during business hours).
- 2. Delaware's corporate legal system strives to provide a corporate legal climate conducive to the growth and profitability of the over 850,000 companies chartered as Delaware corporations.** Delaware's Court of Chancery is an equity court of limited jurisdiction which exists solely to adjudicate corporate litigation. For more than 200 years the Chancery Court has been deciding corporate disputes involving many of the largest corporations in the world, and has developed a fully established corpus of case law and legal precedent which are cited by business scholars and attorneys all over the country and around the world. Delaware's Court of Chancery is one of the most important corporate law courts, second only to the Supreme Court of the United States in its impact on corporate law. In addition to the influential role the Delaware Court of Chancery plays in shaping the corporate legal landscape, Delaware's corporate laws are regularly reviewed, revised and simplified by the Delaware State Bar Association and the Delaware Legislature. Known as "The First State" for its role as the first state to ratify the U.S. Constitution, Delaware remains on the vanguard of legal innovation being among the first states to adopt legislation allowing for the creation of Limited Liability Companies (LLCs) and Series LLCs and the convenience of electronic signatures.
- 3. Delaware companies may be registered "anonymously" without disclosing the names or addresses of the owners;** Corporations are not required to identify Shareholders to the State of Delaware and Delaware LLC's are not required to identify Members. Delaware Corporations are required to identify Directors on an Annual Report, Delaware LLC's are not required to file an Annual Report.
- 4. A Delaware director shield law permits Delaware corporations to shelter their directors liberally from personal liability in connection with their actions as board members.**
- 5. Delaware is widely regarded by international entrepreneurs and investors as a favorable tax climate:**

There is **no sales tax** in Delaware.

There is **no state corporate income tax in Delaware on goods or services provided by Delaware corporations operating outside of Delaware.**

There is **no state corporate tax on interest or other investment income in Delaware, when earned by a Delaware Holding Company.**

Delaware has **no personal property tax.** There are **no State real property taxes**, and the local real property taxes are very low.

Delaware has **no ad-valorem or value-added taxes (VATs).**

Delaware has **no taxes on business transactions (TBTs)**. Delaware has **no use tax, inventory or unitary tax**.

There is **no State of Delaware inheritance tax on stock of Delaware corporations operating outside of Delaware held by non-residents of Delaware**.

There are **no Delaware capital shares or stock transfer taxes**.

Delaware **does not tax income from intangible property**.

- 6.** The director(s) of a Delaware corporation are permitted to set the sales price on any stock the corporation issues and desires to sell.
- 7.** Delaware corporations may purchase shares of their own stock, hold, sell and transfer them.
- 8.** There is no minimum capital investment required to form a Delaware Corporation or LLC. Your investment may be as low as zero.
- 9.** The liability of a shareholder of a Delaware corporation is limited by the amount of his investment in the corporation plus the corporate tax liability – provided that the corporation has conducted its business according to all applicable state and federal laws.
- 10.** The director(s) of Delaware corporations may determine what percentage of the consideration received from the issue of their stock is to be considered capital. This is important because it gives the directors greater flexibility regarding the use of funds obtained in a public offering, so that large amounts are not tied up in the capital account.
- 11.** The By-Laws or Operating Agreement of your Delaware Corporation or LLC may be formulated or altered anytime by its Directors or Members.
- 12.** Your Delaware corporation may own—without limitations as to amount or value—stocks, bonds or securities of other corporations located in Delaware or outside of Delaware as well as real and personal property. This means that your new Delaware Corporation can be set up as, or later become, a corporate holding company or real estate holding company.
- 13.** Your Delaware corporation can be set up to be an all-purpose corporation—to conduct multiple types of business, to manufacture and/or market any products, to offer all kinds of services, simultaneously or sequentially. All you have to do is include a broad “statement of purpose” in your Delaware Certificate of Incorporation (Corporate Charter) such as: “The purpose of this corporation is to engage in any lawful act or activity for which Corporations may be organized under the General Corporation Law of Delaware.” This permits your Delaware corporation, for example, to start out as a real estate holding company, add your spouse’s retail business to its activities and later become a manufacturer of packaged goods – all without having to alter your original documentation or file new corporate documents.
- 14.** Quarterly or annual meetings may be held anywhere or if you prefer, meetings may be held entirely online, at the option of the board. In lieu of such formal meetings, director(s) and/or shareholders may act “by unanimous consent.” **Delaware Limited Liability Companies are not required to hold annual meeting.**
- 15.** Your Delaware corporation stock can be privately owned or publicly traded on any stock exchange anywhere in the world, when properly registered.

- 16.** You do not have to maintain a Delaware business office address aside from the address of your Delaware Registered Agent which is required for service of process. However, if you would like to have a Delaware business address where you can receive business mail (other than service of process), DELAWARE BUSINESS INCORPORATORS, INC. offers a Virtual Office package which includes a Delaware Mailing Address with mail forwarding plus a private Delaware phone line and fax service. (see pages 30 and 31).
- 17.** Delaware has a highly specialized and expert corporate bar that is very familiar with Delaware corporate law and which appears regularly before judges of the Court of Chancery. Students in law schools nationwide typically study Delaware corporation law statutes and Delaware corporate case law in their corporate law courses.
- 18.** Non-Citizen Non-Residents of the USA may form Delaware C-Corporations and LLC's. Non-citizen *residents of the U.S.* may also form S-Corporations.
- 19.** Delaware permits S-Corporations, which, with the federal tax laws of 1986, can be very advantageous.
- 20.** With DBI as your Delaware Registered Agent, your Delaware Corporation or LLC may be headquartered in any state or territory of the United States – or in any country in the world.
- 21.** One single individual may simultaneously hold all of the executive offices and titles of a Delaware company, such as President, CEO, Director, etc. Delaware permits you to be a one person Corporation or one member LLC.
- 22.** The Delaware Division of Corporations is the “leader” in providing service based on its many years experience and its philosophy of delivering customer service on par with the best private firms.
- 23.** Delaware corporations are permitted, under appropriate circumstances, to pay dividends out of net profits if there is no surplus.
- 24.** The Delaware corporate franchise tax is minimal and quite competitive with other states (only \$75/year for Delaware corporations with 5,000 shares or less). There is an additional \$50 filing fee. All fees charged by the State of Delaware to corporations are kept deliberately low to attract incorporation business – a major source of revenue for the State.
- 25.** 50% of all U.S. publicly-traded companies and 63% of the Fortune 500 are chartered in Delaware.