Why incorporate in Delaware?

Mon, 2009-03-30 21:58 — David Gendron

Most importantly Delaware has:

- NO SALES TAX
- NO PERSONAL PROPERTY TAX
- NO INTANGIBLE PROPERTY TAX

Corporations

- Delaware state income tax is not levied on corporations which are not doing business in Delaware.
- One person can be the only Officer, Director, and Shareholder.
- Officers and Directors can be indemnified, limiting their personal liability.
- Corporate books and records may be kept anywhere in the world.
- No minimum amount of capital is required.
- Non-resident shareholders pay no Delaware tax on shares.
- Shareholders are protected by takeover statue, which limits abusive hostile takeover tactics.
- Directors need not be shareholders.
- Service from the State of Delaware is fast and efficient.
- Incorporation costs are low.
- Most Delaware corporations can be formed within minutes and documents are available within 24 to 48 hours.
- Delaware corporation law has well-established legal precedent.
- Delaware courts are respected nationwide for their expertise in corporate matters.
- Voting provisions requiring greater-than-majority approval may be enacted.
- Liberal choice of corporate name provisions and ease of reserving corporate name.
- Corporation may pay dividends from profits and surplus.
- Shareholders, directors and/or committee members may act by unanimous written consent in place of formal meetings.
- Directors may be given the power to make and alter by-laws.
- Corporation may hold stocks, bonds or securities of other corporations, real and personal property, within or outside the state, with no limitation as to amount.
- Different kinds of business may be carried on in combination.
- Corporation may fix quorum of board of directors -- not less than one-third of the whole board; two if only two shareholders; one if only one shareholder.
- Voting trusts and voting agreements may be created.
- Generally, stockholder liability is limited to stock held in the corporation.
- Delaware law includes Close Corporation provisions.
- Classes of stock may be issued in series.
- Annual Franchise Tax is only $100 + the Annual Report Filing fee of $25 = $125

Limited Liability Company (LLC)

- Delaware has maintained a preeminent position with its Limited Liability Company stature.
- Delaware law does not require that the name of any member of the LLC be disclosed in the certificate of formation.
- Some states require the publication of the names of all members.
- Unlike other states, single member LLC’s are permitted.
- The creation of your LLC may be your only contact with Delaware.
Why incorporate in Delaware?
Published on VALIS International (https://valisinternational.com)

Delaware does not require you to have any meetings in the state nor are you ever required to visit Delaware.

A Delaware operating agreement may contain provisions which deny voting rights to some members and may also exculpate members and managers from personal liability and may permit indemnification.

Delaware permits maximum flexibility in drafting operating agreements.

Companies may be managed by its members or by a manager.

Delaware does not impose any income tax on LLC's which do not transact business in Delaware.

Additionally, Delaware does not impose either an income tax or inheritance tax upon members who are not Delaware residents.

Delaware permits terms in the operating agreement which will exculpate managers, members, agent and employees from personal liability for management of the company and permits indemnification of those persons by the company.

Unlike other states, no minimum capital is required.

Neither members nor managers need be US citizens.

Units of ownership may be owned by individuals, corporations or any other business entity existing under either US or foreign law.

There are no limits on the type of legal business which a company may transact.

Annual Franchise Tax is $250

Source URL: https://valisinternational.com/faq/why-incorporate-in-delaware

Links: