

If 65% of Fortune 500 companies and 80% of IPOs are registered in Delaware, should your company follow?

Discover the legal, tax, and regulatory secrets that make Delaware the incorporation capital of America. Keep scrolling to see if it's right for your business.



Why Businesses Choose Delaware

1 Court of Chancery

Specialized court for corporate disputes with extensive case law and precedent.

2 Flexible Structure

Advanced General Corporation Law allows maximum governance flexibility. Incorporate in less than an hour. Single person can be an officer, director and a shareholder.

3 Investor Recognition

VCs generally view Delaware incorporation as a sign of credibility.

4 Tax Benefits

Companies registered but not doing business in Delaware do not pay corporate income tax. Also, no sales tax, investment income tax, inheritance tax, or personal property tax.

5 Privacy

Registered Agent is the only name that is disclosed with a registration. Owners and Officers do not have to be disclosed.

Delaware Disadvantages

1 Higher Costs

More expensive filing fees and annual franchise tax requirements.

2 Registered Agent

Must maintain an agent with a Delaware address.

3 Too Many Registrations

You'll have to also register in the state where you do business. Your state may charge an out-of-state business tax.

4 Disputes

If a dispute arises regarding the corporation, you may have to travel to Delaware.

Popular Alternative States



Wyoming

No corporate income tax or franchise tax with strong privacy protections.



Texas

No Corp income tax, strong privacy, stable/limited government involvement.



Nevada

No corporate income tax with excellent asset protection and privacy laws.



Your Home State!

It just may be your best bet!



Florida

No individual income tax with S-corp exemptions. Ideal for software businesses.



Devil is in the Details:

- 1 Delaware offers strong protections against minority stockholders and third-party claims.
- 2 Directors and Officers violations of fiduciary duties - Delaware uses "gross-negligence" standard, while some other states use "ordinary negligence."
- 3 Bylaw Flexibility - easy to make dynamic changes as the company grows without amending Articles.
- 4 Strong support for "business judgment", officer/director protections, and limitations of liabilities.

So, What State Should You Consider?



Consider Delaware

If seeking venture capital, planning IPO, or need maximum corporate flexibility.



Consider Home State

For small local businesses that don't need investor recognition.



Consider States like Wyoming/Nevada

If privacy protection and tax minimization are top priorities.



AS ALWAYS, THE ANSWER DEPENDS ON MANY UNIQUE ATTRIBUTES OF YOUR BUSINESS AND YOUR GOALS.

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