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# Delaware Franchise Taxes Due March 1, 2016

02.23.16

Delaware imposes an annual stock-based franchise tax for the privilege of being able to incorporate under state law. The deadline to file the Delaware Corporate annual report and franchise tax is March 1, 2016. Almost all corporations incorporated under Delaware law are subject to the franchise tax. All corporations subject to franchise tax have to file annual franchise tax reports with the Secretary of State by March 1, even if the corporation operates on a fiscal year-basis.

**Two methods are allowed by the Delaware Secretary of State to determine the franchise tax liability:**

- Authorized Shares method: This method is based on the number of authorized (not necessarily issued) shares of capital stock. For corporations having no par value stock the authorized shares method always results in the less tax.
- Assumed par-value method: This method looks at the number of issued shares, par values and gross assets

Details about how to calculate the tax can be found at <https://corp.delaware.gov/frtaxcalc.shtml>

Note that income is irrelevant under either method as the franchise tax is not based on income. A penalty of \$125 is assessed for failure to file the annual franchise tax report by March 1st.

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