

DELAWARE

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Delaware has developed over the last few years into a very popular location for corporate tax planning. An increasing number of businesses choose Delaware for their corporate headquarters, even though few have any sales and manufacturing facilities located in the state. Delaware is the home of nearly 60 percent of the companies listed on the New York and American Stock Exchanges and more than half of the Fortune 500 firms.

Many international companies interested in doing business in the United States and in other jurisdictions worldwide choose Delaware because of its favorable corporate law structure, stability and reputation as the “American Corporate State”.

History and Government

Delaware is one of the fifty states of United States of America and is the second smallest state in the country. Delaware has a very stable democracy. The three branches of the government are: Legislative, Judicial and Executive. The Congress with the Senate and the House of Representatives represents the legislative branch. Delaware has a separate Court of Chancery, a business court. The Court does not use juries and the judges are appointed on merit, not elected. Because there are no juries, decisions from the Chancery Court are issued as written opinions. Because of that, Delaware has a large body of written legal precedent to rely upon.

Geography

Tiny Delaware, the second smallest state, is only 100 miles long and 30 miles wide. The latitude of Delaware is located in Kent County, approximately 11 miles SW of Dover, the state capital. Delaware is bordered in the north by Pennsylvania and in the south and west by Maryland. To the northeast of Delaware, across the Delaware River and Delaware Bay lies New Jersey. On the east, Delaware is bordered by the Atlantic Ocean.

Legal System

The governing corporate legislation is based on the Limited Liability Act. The Supreme Court has offices in all three counties of the State. The Clerk of the Court is located in Dover, but there are Deputy Clerks to accept filings in each county. The courts are divided into state and federal systems, each with its own hierarchical structure. There are approximately 150 federal appeals court judgeships, with six to 28 judges in each circuit.

CHARACTERISTICS OF A DELAWARE CORPORATION

Incorporation time scales

A Delaware company can be incorporated within 48 hours.

Company name

The name of the company in Delaware – USA may be in any language provided that the name is written in Roman letters. All names must contain a word denoting corporate personality such as “Company”, “Corporation”, “Incorporated”, “Limited” or abbreviations thereof. To be registerable a proposed company name must be distinguishable from a prior registration or reservation.

Shares

There is no minimum or maximum authorized or paid up capital requirements. In Delaware, the standard share capital is \$1500, made up of shares of \$1 each.

Shareholders

At least one shareholder is required. No residency or nationality requirements are placed upon shareholders.

Directors

At least one director is required. No residency or nationality requirements are placed on directors. Directors need not be shareholders. Unless otherwise provided for by the laws of the companies, the business and affairs of the company are managed by the directors. Corporate directors are not permitted.



Officers

Every company shall have officers with such titles and duties as stated in its by-laws or in the resolution of the board of the directors appointing officers. A Company usually maintains a President, Secretary and Treasurer. The same person may hold all three offices although this is unusual and not recommended.

Meetings

Shareholders' and directors' meetings may be held anywhere in the world and provided that certain formalities are observed, resolutions of shareholders and directors may be in writing in lieu of a formal meeting if required.

Must accounts be prepared by the directors?

A company incorporated under the Act shall keep such accounts and records as the directors consider necessary or desirable in order to reflect the financial position of the company. The accounts do not have to be audited or filed with the financial authorities of Delaware.

Anonymity

Delaware corporations can be operated anonymously with the state never knowing the owner's identity.

Legal system

Delaware is the only state with special court system dedicated to corporate law. Through the years, the Delaware Chancery Court has built an unsurpassed body of case law cited as precedent in other state courts. The court has a history of pro-management decisions, and often the outcome of legal actions is predictable.





Corporate Headquarters

The corporate headquarters and the records of Delaware corporations can be located in any state or country as long as the corporation maintains a registered agent to represent it in Delaware.

Taxation

Delaware's annual corporation franchise tax is as low as 30 USD plus a 20 USD filing fee. These annual state fees are kept among the lowest in USA to attract and maintain corporate business. There is no Delaware inheritance tax on shares of stock held by nonresidents. Delaware corporations can pay dividends from profits as well as from surplus.

Bank accounts

Delaware corporations do not need to maintain a Delaware bank account or Delaware business address as long as they are represented by a registered agent.

Information required to register a Delaware Corporation

1. Certified copy of the passport of each beneficial owner by either a lawyer or a notary public or a bank.
2. Bank reference for each beneficial owner or a professional reference letter by a lawyer or an accountant.
3. A recent copy of utility bill (not more than 6 months old water or electricity bill) that verifies home address of each beneficial owner
4. **Personal details:**
 - Full name;
 - Address – business and private;
 - Nationality;
 - Occupation;
 - Telephone and telefax numbers (private, home and mobile);
 - E-mail.

Corporate Documents

The corporate documents that are delivered to the shareholders of a Delaware Corporation are as follows:

- Certificate of Incorporation;
- Memorandum and Articles of Association;
- A certified copy of the resolution appointing the first Director;
- A certified copy of the first minutes of the Board of Directors;
- Share certificates;
- Company's seal.