

Why incorporate in Delaware?

Here are the key reasons for choosing Delaware as a place to incorporate.

It seems strange that one would incorporate in Delaware when you intend to trade in California, New York or Colorado. While the state corporate tax is low and a franchise fee is charged in lieu, other states are broadly equally competitive on this issue.

In excess of 60% of Fortune 500 companies are, nevertheless, incorporated in Delaware.

What is the magic about Delaware where a significant majority of companies incorporate?

DEVELOPED CORPORATE LAW

Corporate law is well developed in case law and statutory terms with a sophisticated judiciary. It represents an ever adapting modern corporate law. This provides certainty with regard to the relevance and interpretation of the law.

UNIVERSAL US CORPORATE LAW

The law is viewed as being a form of universal US corporate law in the US nationally and internationally, easy to interpret and as a result reducing transaction costs and improving the time it takes to complete a deal.

VENTURE CAPITALISTS AND EXTERNAL FUNDING

Most VCs expect to see startups as Delaware C-Corporations. A significant majority of documents for seed and VC financings are based on Delaware Law.