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**Corporate, Finance & Acquisitions Group**

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**CHANGES TO NOTIFICATION AND FILING PROCEDURES FOR  
DELAWARE DOMESTIC CORPORATION ANNUAL FRANCHISE TAX REPORTS**

January 25, 2007

New legislation passed by the Delaware General Assembly will change the notification and filing procedures for Delaware domestic corporation annual franchise tax reports. The notification process was changed as part of a plan to encourage, and then mandate, the electronic filing of annual reports.

Delaware will no longer send pre-printed paper reports and a separate instruction sheet for filing the annual report. Instead, domestic corporations will receive notification of their obligation to make the filing for the current tax year by a 5½ by 8½ neon green postcard that will be sent out every December. The postcard will provide instructions on how to electronically file annual reports on the Secretary of State's website ([http://www.state.de.us/gic/egov/egov\\_services.shtml](http://www.state.de.us/gic/egov/egov_services.shtml)) and pay the franchise tax with a credit card. Domestic corporations failing to file their annual report will be prohibited from receiving a certificate of good standing. Late filers will be assessed a penalty of \$100 and interest in the amount of 1.5% per month on any unpaid balance.

More significant changes to the notification and filing procedures will go into effect next year. Beginning in 2008, all Delaware domestic corporations will have to file their annual reports electronically. Also, the consequences of failing to file a complete annual report will be more severe than in years past. Domestic corporations that fail to file an annual report in 2008 will have their corporate charter declared void by the Delaware Secretary of State (previously, the Secretary of State could only void the charter of the corporation for failing to pay annual franchise taxes) in addition to being prohibited from receiving a certificate of good standing. The \$100 and 1.5% interest penalty for failing to timely file a complete annual report will not change in 2008.

If you have questions about these changes, please contact DGS attorney [Peter Schwartz](#), [Lee Terry](#), or [Thomas Barnes](#).

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