Guide · Tax year 2026 · Report due March 1, 2027

Delaware Franchise Tax Guide 2026

How to check your Delaware corporation's franchise tax with both legal methods, and pay the lower one.

Why this matters

Every active Delaware corporation files an annual report and pays franchise tax by **March 1**. Delaware's rules allow two ways to compute the tax, and the corporation may **use the method that results in the lesser tax**. A company with many authorized shares (10,000,000 is common for startups) can see a five-figure amount under the Authorized Shares method, while the Assumed Par Value Capital method may produce a few hundred dollars.

$85,165
Authorized Shares method
10,000,000 shares EXAMPLE

$400
Assumed Par Value Capital method
same company, $250,000 assets EXAMPLE

What is in this kit

- **Excel calculator** (8 tabs): Calculator, Scenarios, What-If, Mid-Year Change, Payments & Dates, Checklist, Filing Log.
- **This guide**: the two methods, worked examples, edge cases, deadlines, checklist and common mistakes.

Who it is for

- Founders and owners of Delaware C-corporations, including owners who live outside the US.
- Bookkeepers who prepare the annual report figures for a client's corporation.
- Not for Delaware LLCs, LPs or GPs: they pay a flat annual tax ($400 per the Division of Corporations page reviewed in November 2026) by June 1 and file no franchise tax report.

Education only, not tax or legal advice. Delaware's online filing system shows the final amount. All dollar examples in this guide are examples.

The two methods

1. Authorized Shares method

Uses only the number of shares your charter **authorizes** (not the shares you issued).

Authorized shares	Tax
5,000 or fewer	$175 (minimum)
5,001 to 10,000	$250
Each additional 10,000 shares or portion	add $85
Maximum	$200,000

```
Excel: =IF(A<=5000,175,IF(A<=10000,250,250+CEILING((A-10000)/10000,1)*85))
```

2. Assumed Par Value Capital method

Uses authorized shares, **issued shares** (including treasury shares) and **total gross assets** (the total assets on Form 1120, Schedule L, for the fiscal year ending in the report year).

1. **Assumed par** = gross assets ÷ issued shares (6 decimals).
2. For each class whose par value is **less** than assumed par: assumed par × authorized shares of that class.
3. For each class whose par value is **greater**: its par value × its authorized shares.
4. Add them = **assumed par value capital**.
5. Tax = $400 per $1,000,000 or portion (round up to the next million). Minimum $400; maximum $200,000.

```
Excel: =MAX(400,CEILING(Capital/1000000,1)*400)
```

> **Large Corporate Filer:** Delaware's payment page says the maximum is $250,000 for a corporation identified as a Large Corporate Filer. The calculator has an optional Y/N box for this; leave it N unless Delaware has identified your company.

The lower of the two results is your franchise tax. The total paid with the report also includes the $50 annual report filing fee (non-exempt domestic corporations).

Worked example, step by step

EXAMPLE A seed-stage startup: 10,000,000 authorized shares at $0.00001 par, 8,000,000 shares issued, total gross assets of $250,000 at December 31, 2026.

Step	Math	Result
Authorized Shares method	$250 + 999 blocks × $85	**$85,165**
1. Assumed par	$250,000 ÷ 8,000,000	$0.031250
2. Compare with par	$0.00001 is less than $0.031250	use assumed par
3. Assumed par value capital	$0.031250 × 10,000,000	$312,500
4. Tax at $400 per million	$312,500 is under $1M → minimum	**$400**
Lower tax	min($85,165, $400)	**$400**
Total with report fee	$400 + $50	**$450**

Where "999 blocks" comes from

10,000,000 − 10,000 = 9,990,000 shares above the first 10,000. 9,990,000 ÷ 10,000 = 999 blocks of 10,000 shares. 999 × $85 = $84,915, plus $250 = $85,165.

What to do with the result

1. In Delaware's online annual report, enter **issued shares** and **total gross assets**. These two figures are what allow the Assumed Par Value Capital method.
2. Check that the amount the system shows matches the lower result in your calculator.
3. Pay the tax plus the $50 fee by March 1 and keep the confirmation.

> If the online system shows a different amount, compare the figures you entered (especially issued shares, gross assets and par value) with your stock ledger and Form 1120. If it still does not match, ask the Division of Corporations or your registered agent.

More real-world cases

All four cases are EXAMPLE values. The Scenarios tab in the workbook holds A, B and C with live formulas.

	A: Seed startup	B: Series A	C: Family corp	D: High par
Authorized shares	10,000,000	15M common + 5M preferred	1,500 (no par)	5,000,000
Par value	$0.00001	$0.0001 each	$0	$1.00
Issued shares	8,000,000	12,000,000	1,000	1,000,000
Gross assets	$250,000	$8,000,000	$600,000	$500,000
Assumed par	$0.031250	$0.666667	$600.000000	$0.500000
Capital used	$312,500	$13,333,340	$900,000	$5,000,000 (par is higher)
Authorized Shares tax	$85,165	$170,165	$175	$42,665
Assumed Par tax	$400	$5,600	$400	$2,000
Lower tax	**$400**	**$5,600**	**$175**	**$2,000**
Total with $50 fee	$450	$5,650	$225	$2,050

What each case teaches

- **A** is the classic "surprise bill": large authorized shares, small assets. Assumed Par wins by far.
- **B** has two classes. Both pars are below assumed par, so assumed par is applied to all 20,000,000 authorized shares. $13.33M rounds up to 14 millions × $400 = $5,600. Because the tax is $5,000 or more, Delaware's estimated payment schedule applies to the next year.
- **C** is a small company with few shares. The Authorized Shares minimum ($175) is lower than the Assumed Par minimum ($400). Delaware notes that for no-par stock the Authorized Shares method always gives the lesser tax.
- **D** has a high par value. Because $1.00 par is higher than the $0.50 assumed par, the par value is used: $1.00 × 5,000,000 = $5,000,000 → $2,000.

Edge cases to watch

Situation	What happens
Issued shares or gross assets not entered in the report	The Assumed Par Value Capital method needs both figures. Without them, expect the amount to be figured from authorized shares only.
Treasury shares	Count them in issued shares (Delaware asks for "all issued shares, including treasury shares").
Two or more classes (common + preferred)	Compare each class's par with assumed par separately, then add. Use the optional class 2 boxes in the Calculator.
Shares or par changed during the year (for example, more shares authorized at a financing)	Delaware prorates each period by the days it was in effect over 365 (366 in a leap year) and adds the results. Use the Mid-Year Change tab for an estimate.
Gross assets are very large	The tax keeps rising $400 per million until the $200,000 maximum ($250,000 for a Large Corporate Filer).
Assets near a million boundary	$1,000,001 of capital counts as 2 millions ($800). Small changes in assets or issued shares can move you up one step.
Tax of $5,000 or more	Estimated payments: 40% by June 1, 20% by September 1, 20% by December 1, remainder by March 1.
Delaware LLC, LP or GP	No franchise tax report. Flat annual tax ($400 per the page reviewed November 2026) due June 1.
Corporation formed in another state but registered in Delaware	Different rules: annual report due June 30 with a $250 fee. This calculator does not cover it.
Exempt domestic corporation (for example, qualifying nonprofits)	No franchise tax; the annual report fee is $25. Check Delaware's exemption criteria.

The calculator rounds assumed par to 6 decimals and rounds capital up to the next million, following the steps on Delaware's "How to Calculate Franchise Taxes" page.

Deadlines, estimates and penalties

Date	What is due	Who
Mon, March 1, 2027	2026 annual report + franchise tax + $50 fee (online)	Delaware corporations
Tue, June 1, 2027	Flat annual tax, no report	Delaware LLCs, LPs, GPs
Wed, June 30, 2027	Annual report, $250 fee	Foreign corporations registered in Delaware

Estimated payments (tax of $5,000 or more)

Due	Share	Example: $5,600 tax EXAMPLE
June 1	40%	$2,240
September 1	20%	$1,120
December 1	20%	$1,120
March 1 (with report)	remainder	$1,120

Late filing or payment

Delaware charges a **$200 penalty plus 1.5% interest per month** on the tax and penalty. The workbook gives a simple estimate. EXAMPLE $400 tax, 3 months late: $200 + ($400 + $200) × 1.5% × 3 = **$227** on top of the tax and fee.

Watch for look-alike mail

The Division of Corporations warns businesses to view suspiciously any mail or e-mail that does not come directly from the State or the company's Delaware registered agent. File and pay only through Delaware's official site (corp.delaware.gov) or your registered agent.

Checklist and common mistakes

Before you file

- ☐ Confirm the entity is a Delaware **corporation** (not an LLC).
- ☐ Authorized shares and par value from the latest charter, including every amendment.
- ☐ Issued shares at year-end, including treasury shares (stock ledger or cap table).
- ☐ Total gross assets from Form 1120, Schedule L.
- ☐ Any change to shares or par during the year? Use the Mid-Year Change tab.
- ☐ Run the Calculator and print or save the result.
- ☐ In the online report, enter both issued shares and gross assets.
- ☐ Pay tax + $50 fee by March 1; save the confirmation in the Filing Log.
- ☐ Tax of $5,000 or more? Put June 1, September 1 and December 1 on the calendar.

Common mistakes

1. **Paying the first number you see** without checking the Assumed Par Value Capital method.
2. **Using authorized shares where issued shares belong.** Assumed par divides assets by *issued* shares.
3. **Leaving out treasury shares** or a second share class.
4. **Using a different asset number** than Form 1120 Schedule L (for example, cash only or net equity).
5. **Forgetting the $50 report fee** or the March 1 date, which triggers the $200 penalty plus interest.
6. **Paying a look-alike notice** instead of filing through Delaware's site or your registered agent.

Sources and disclaimer

Official sources (reviewed November 12, 2026)

- Delaware Division of Corporations, "How to Calculate Franchise Taxes": corp.delaware.gov/frtaxcalc/
- Delaware Division of Corporations, "Annual Report and Tax Information" (due date, fees, penalty, Large Corporate Filer maximum, scam warning): corp.delaware.gov/paytaxes/
- Delaware Division of Corporations, "LLC / LP / GP Tax Instructions": corp.delaware.gov/alt-entitytaxinstructions/
- Delaware Division of Corporations, "Exempt Corporations": corp.delaware.gov/exemptcorp/

Rules and amounts can change. Check these pages each year before you file.

Disclaimer

This guide and workbook are for education and record keeping. They are not tax, legal or investment advice and do not guarantee any result. Delaware's online filing system determines the amount owed. For advice about your company, talk to a qualified professional.

Privacy

The kit never asks for SSNs, EINs, bank account numbers or passwords. Do not type them into the workbook.

About

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