
Delaware LLC Formation

Complete Checklist

Prepared by BlackHill Law PLLC · Updated February 2026

This checklist is for informational purposes and does not constitute legal advice.

About This Checklist

This guide covers every step to form and maintain a Delaware LLC – from initial filing through ongoing compliance. Delaware is the most popular state for LLC formation in the U.S., offering the Court of Chancery, strong privacy protections, and a flexible LLC statute. If you're operating outside Delaware, this checklist also covers foreign qualification in your home state.

PHASE 1: FORMATION

Name Availability Search

Search at icis.corp.delaware.gov – name must include “LLC” or “Limited Liability Company” and be distinguishable from existing entities

Cost: Free to search | \ \$75 for optional name reservation (120 days)

Appoint a Delaware Registered Agent

Must be a DE resident or entity authorized to do business in DE. Physical street address required (no P.O. boxes). Common providers: CSC, CT Corporation, Northwest.

Cost: \ \$50 -- \ \$300/year

File Certificate of Formation

File at corp.delaware.gov. Requires: LLC name, registered agent name & address, authorized person signature. NO member/manager names required (privacy advantage). Standard processing: 3-5 business days.

Cost: \ \$90 (standard) | \ \$50 (24-hour) | \ \$100 (same-day) | \ \$1,000 (2-hour)

Note: Delaware has recently experienced significant backlogs. Standard filing can take weeks or months. 24-hour expedited service is recommended for timely processing.

Order Certified Copy of Certificate of Formation

Needed for bank accounts and foreign qualification in other states.

Cost: \ \$50

- Obtain Certificate of Good Standing
Often required for foreign qualification and banking.
Cost: \ \$50 (short form) | \ \$175 (long form)

Phase Total: ~\ \$240 -- \ \$340 (standard filing, no expedite)

PHASE 2: POST-FORMATION SETUP

- Obtain an EIN (Employer Identification Number)
Apply at irs.gov/ein – free, instant online. Needed for bank accounts, tax filings, and hiring.
Cost: Free
- Draft & Execute Operating Agreement
Not required by Delaware but strongly recommended. NOT filed with the state (stays private). Delaware's LLC Act gives maximum flexibility – the operating agreement can override most statutory defaults. Key provisions to include:
 - Member/manager roles and authority
 - Capital contributions and ownership percentages
 - Profit/loss allocation and distribution rules
 - Transfer restrictions and buy-sell provisions
 - Dissolution triggers
 - Tax classification election
Cost: \$500 – \$3,500+ (attorney-drafted)
- Tax Classification Election
Default: Single-member = disregarded entity (Schedule C); Multi-member = partnership (Form 1065). S-Corp election via Form 2553 (within 75 days or by March 15). C-Corp election via Form 8832. Consult a CPA before electing.
Cost: Free (IRS filing) | \ \$200 -- \ \$500 (CPA consultation recommended)
- Set Up Delaware Franchise Tax Payment
LLCs pay a flat \$300/year – no calculation needed, no annual report required. Due June 1 each year. Late penalty: \$200 + 1.5% monthly interest. Set a calendar reminder for May 1.
Cost: \ \$300/year

Phase Total: ~\ \$500 -- \ \$3,300 (depending on OA and CPA costs)

PHASE 3: FOREIGN QUALIFICATION

Important: Most Delaware LLCs operate in another state. If you conduct business, have employees, or maintain an office outside Delaware, you MUST register as a foreign LLC in that state.

- Determine Where You Need to Register
Register in every state where you have: a physical office or location, employees, significant repeated business activity, or real property.
- Foreign LLC Registration in Home State (e.g., Utah)
- Obtain Certificate of Good Standing from Delaware (\$50)
- File Foreign LLC Registration with home state Division of Corporations
- Appoint a registered agent in home state (physical address required)
- Provide: Certificate of Good Standing, LLC name, principal office, RA info
- If LLC name is taken in home state, register under alternate name (DBA)
Cost (Utah example): \$54 filing + \$50 DE good standing + RA fee
- Home State Tax Registrations
Register for state tax accounts: income tax withholding (if employees), sales tax license (if applicable), state business registration.
Cost: Free to register (most states)
- Local Business License
Check city/county requirements in your location. Most municipalities require a local business license.
Cost: \$25 -- \$100+ (varies by municipality)

Phase Total: ~\$130 -- \$250+ (Utah scenario, not including RA)

PHASE 4: BANKING & FINANCIAL SETUP

- Open a Business Bank Account
Documents typically needed:
- Certificate of Formation (certified copy)
- EIN confirmation letter (IRS CP 575)

- Operating Agreement
- Certificate of Good Standing
- Government-issued ID for all signers
- Foreign qualification filing (if banking outside DE)
- Set Up Accounting & Bookkeeping**
QuickBooks, Xero, or equivalent. Separate books from Day 1. Track all expenses including formation costs (deductible under IRC 195).
Cost: \ \$50 -- \ \$500/month (bookkeeping) | \ \$500 -- \ \$2,000/year (CPA)
- Apply for Business Credit Card**
Helps build business credit and separates personal/business expenses.
Cost: \ \$0 (most cards)

PHASE 5: TAX ACCOUNTS & COMPLIANCE

- Delaware Tax Obligations**
Delaware has NO sales tax. NO state income tax on LLCs not operating within Delaware. If operating in DE: 8.7% gross receipts tax may apply. Annual franchise tax: \$300 flat (covered in Phase 2).
- Home State Tax Obligations**
File appropriate state returns based on where you operate. Register for state income tax, sales tax, and withholding tax as applicable.
- Federal Tax Returns**
- Disregarded entity (single-member): Schedule C on personal return
- Partnership: Form 1065 + K-1s
- S-Corp: Form 1120-S + K-1s
- C-Corp: Form 1120
- Quarterly estimated payments: Apr 15, Jun 15, Sep 15, Jan 15

PHASE 6: INSURANCE

- General Liability Insurance**
Covers bodily injury, property damage, advertising injury. Required by many leases and contracts.

Cost: \\$400 -- \\$1,500+/year

Professional Liability / E&O

Covers errors, omissions, negligence in professional services. Critical for consultants, attorneys, accountants, tech companies.

Cost: \\$500 -- \\$3,000+/year

Workers' Compensation Insurance

Required in most states if you have employees. Delaware requires it for 1+ employees employed in DE. Utah requires it for all employers.

Cost: Varies by payroll and industry

Other Coverage to Consider

Cyber liability insurance (if handling sensitive data)

Commercial property insurance

Business interruption insurance

Directors & Officers (D&O) insurance

Key person / buy-sell life insurance

PHASE 7: ONGOING COMPLIANCE

Delaware Annual Requirements

Pay \$300 franchise tax by June 1 each year. Maintain registered agent at all times. NO annual report required for Delaware LLCs. Update Division of Corporations if RA or address changes.

Cost: \\$300 (franchise tax) + \\$50 -- \\$300 (RA) = \\$350 -- \\$600/year

Foreign State Annual Requirements

File annual report in each state of qualification (e.g., Utah: \$18, due anniversary month). Maintain registered agent in each state. Renew local business licenses. File state tax returns.

Federal Ongoing Requirements

File federal tax returns annually

Update IRS if responsible party changes (Form 8822-B)

Beneficial Ownership Information (BOI) report with FinCEN (check current status)

Internal Compliance

- Keep operating agreement updated with amendments
- Document major decisions with written resolutions
- Maintain separation between personal and business finances
- Hold annual member meetings (even if informal – document them)

PHASE 8: MULTI-STATE OPERATIONS

If your Delaware LLC operates in multiple states, you must register as a foreign LLC in each state.

- Common Foreign Registration Costs

| State | Filing Fee | Annual Report |
|------------|------------|--|
| Utah | \$54 | \$18/year |
| California | \$70 | \$800+ franchise tax/year |
| New York | \$250 | \$9/year + publication (\$1,500) |
| Texas | \$750 | No annual report (franchise tax applies) |
| Florida | \$125 | \$138.75/year |
| Colorado | \$100 | \$10/year |

- Multi-State Compliance Checklist
- Identify all states where the LLC conducts business
- File foreign qualification in each state
- Appoint registered agent in each state
- Register for tax accounts in each state
- Track all annual report deadlines (they vary by state)

Why People Choose Delaware

- Court of Chancery – specialized business court, no juries
- No income tax on out-of-state LLC activity
- Privacy – no member/manager names on public filings
- No sales tax (one of five states)
- Flexible LLC Act – override nearly all default rules
- No annual report for LLCs – simple \$300/yr flat tax

Cost Summary

| Item | Cost |
|--------------------------------|--------------------------|
| Certificate of Formation | \$90 |
| Registered Agent (DE) | \$50 – \$300/year |
| Certified Copy | \$50 |
| Certificate of Good Standing | \$50 |
| EIN | Free |
| Operating Agreement (attorney) | \$500 – \$3,500+ |
| DE Annual Franchise Tax | \$300/year |
| Foreign Qualification (Utah) | \$54 + RA fee |
| Estimated First-Year Total | \$694 – \$2,694+ |
| Estimated Annual Ongoing | \$400 – \$700+ (DE only) |

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Questions? Contact us to discuss your Delaware LLC formation.