

For Registered Agent clients of Corporation Service Companysm

Delaware will require 2007 annual franchise tax reports due in 2008 to be filed electronically, so be prepared, by filing your Delaware Corporation Franchise Tax Reports On-line at www.incsport.com/efiling. CSC has your entire portfolio of Delaware domestic corporations available for Electronic filing without the need of original preprinted paper reports or manual checks. DE E-filing is easy to use, and stores your information, so next year will be even easier.

1. **Who must file:** All corporations incorporated in the State of Delaware that have not filed dissolution or merger with the State of Delaware (this calendar year) are required to file the Annual Franchise Tax Report and pay the Franchise Tax. A \$25.00 filing fee is required for the annual report.
2. **Preprinted report:** Beginning with the 2006 tax year, in order to encourage electronic filing, Delaware will no longer mail the domestic corporation reports, but preprinted forms are available by special order at (888) 690-2468.

When completing the paper reports, each report must be **fully completed**, or the company may be voided or penalties assessed. If the information on your report is incorrect, contact the Franchise Tax Section at (302) 739-3073. Encoded areas on the report expedite processing and posting to your account. Please do not make any marks over those coded areas. Please type or use black ink only. Use of another company's report will cause a delay in posting to your account. The State of Delaware will not be responsible for delays or errors in posting if a report other than the **original** is used. **Agent/address changes are a legal filing.** Please contact the Division of Corporations at (302) 739-3073 for forms and fees.

3. **Mailing Addresses (only to be used when report is not filed electronically)**
IMPORTANT: Delaware state address has changed, so update your records.

Regular Mail Delivery – Send report only with no attachments.

State Of Delaware
Division Of Corporations
P.O. Box 11728
Newark, NJ 07101

Overnight deliveries should be addressed as follows:

State Of Delaware
Division Of Corporations
365 West Passaic Street, 5th Floor
Rochelle Park, NJ 07662

Other corporate filings and/or correspondence must be sent to:

State of Delaware, Division of Corporations, P.O. Box 898, Dover, DE 19903.

4. **Payment accompanying Preprinted report: Make check or money order payable to Delaware Secretary Of State.** Checks must be drawn on a U.S. bank and in U.S. funds. Money orders must be in U.S. dollars. Enter the Corporate File Number on each check or money order. To ensure the accuracy of processing, please submit **one check per report**. *Note: Payments received will be applied to any previous tax balance due before crediting to the current tax year.*
5. **Proration of tax:** Corporations that incorporated or renewed their certificate of incorporation during the year, are responsible for tax for the portion of the year they were in existence only. **Proration does not apply to minimum tax corporations.** A corporation that did not engage in ANY business activity for which it was granted a certificate of incorporation for all or part of the year can reduce its Franchise Tax for that portion of the year by one half. To obtain this reduction, the corporation must enter the period(s) of inactivity on the front of the report. Inactivity prior to date of incorporation may not be claimed. **Inactivity does not apply to minimum tax.**

6. **Late filings:** Mailed Reports and the appropriate remittance must be **RECEIVED (NOT POSTMARKED)** by the Delaware Division of Corporations on or before due date. Late filings **will** receive a penalty of \$100.00 and interest will be assessed at the rate of 1.5% a month on the **tax and penalty** until fully paid. The State of Delaware cannot be responsible for any mail delays. There is no provision under Delaware law for granting time extensions for payment of Franchise Tax.
7. **BASED ON THE AUTHORIZED SHARES METHOD. USE THE METHOD THAT RESULTS IN THE LESSER TAX. THE TOTAL TAX WILL NEVER BE LESS THAN \$35 NOR MORE THAN \$165,000. FURTHER CALCULATION INSTRUCTIONS CAN BE FOUND AT www.incspot.com/efiling. CLICK ON DELAWARE ONLINE TOOLKIT IN THE LEFT MARGIN, THEN SELECT "ALTERNATIVE TAX CALCULATOR."**
- A. **Authorized Shares Method:**
The State calculates your tax on the **Authorized Shares Method**. Corporations having authorized shares with no par value **must** use this method. If you have filed a stock amendment with the Division of Corporations since this statement was printed, the State's calculation may be inaccurate. Please recalculate your new balance. Less than 3,000 shares \$35.00 (this is the **minimum** tax) 3001 – 5000 shares \$62.50 5001 – 10,000 shares \$112.50 each **additional** 10,000 or portion thereof \$62.50
Example: 10,001 shares pays \$175.00 (\$112.50 + \$62.50 = \$175.00)
- B. **Assumed Par Value Capital Method:**
To use the tax rate under this method you **must** supply figures for **all issued shares** (including treasury shares) **and total gross assets**. These figures should be written in the spaces provided on the face of the Report. If an amendment changing your stock or par value was filed with the Division during the year, issued shares and total gross assets for **each portion** of the year must be given within 30 days of the amendment date. Total Gross Assets shall be those 'total assets' reported on U.S. FORM 1120, Schedule L (Federal Return) relative to the company's fiscal year ending in the calendar year of the report. The tax rate under this method is \$250.00 per million or portion of a million.
1. **Instructions for calculating Franchise Tax:** Divide total gross assets by total issued shares carrying to 6 decimal places (this is your 'assumed par'). If the assumed par is the same or greater than the stated par value, multiply the assumed par by the **total authorized shares** (this is your assumed par value capital). If assumed par value capital is greater than 1,000,000 **round up** to the next million and multiply \$250 per million (e.g. 10,002,000 = 11 x \$250). If less than 1,000,000 divide by 1,000,000 and multiply by \$250 Should your assumed par be less than the stated par value, multiply the authorized stock it's respective par value and continue with the calculation.
2. **Proration of tax:** If you filed an **amendment** during the year, use the above calculation for **each amendment**. Then do the following: Divide the number of days **each amendment** was in effect during the year by 365 (366 if a leap year) and multiply by tax calculated, then add the totals together. This is your pro-rated tax.
- C. **Regulated Investment Companies:** Regulated Investment Companies as defined by Sec. 851 of the Federal Internal Revenue Code, can base their tax on average gross assets in addition to the above method. Average Gross Assets is the mean of gross assets on January 1 and December 31. The January assets **must** be the same as the December 31 assets of the previous year. The tax is \$250 for each \$1,000,000 or portion thereof. Maximum tax under this method is \$75,000.00. Add January and December assets, divide by 2 then round up to the next million and multiply by \$250. This is your tax. **Prorations do not apply for regulated investment companies.**