

Goal:

The **Business Finder's Fee Tax Credit** is designed to incentivize existing Delaware businesses to leverage their relationships with suppliers, customers and other businesses to relocate to Delaware, resulting in job creation, increased tax revenues and stronger supply networks.

Program Basics:

Both the existing Delaware business (Sponsor Firm) and new relocating business (New Business Firm) shall be eligible for a tax credit equal to five hundred dollars (\$500) multiplied by the number of full-time Delaware employees of the New Business Firm each tax year for three years following the date in which the New Business Firm is certified in Delaware.

Sponsor Firm Requirements:

- Validly organized and existing corporation, limited liability company, limited partnership, general partnership, limited liability partnership, statutory trust or sole proprietorship
- In business for a three-year minimum, or if a new entity, a wholly-owned subsidiary of a company that's been in business for at least three years
- Has a place of business in Delaware and has a current Delaware business license
- Has not entered into any rental agreements for a commercial rental unit with the New Business Firm
- Is not a real estate agency, real estate developer or landlord for the New Business Firm, or a Bank or other lender who provides financing for the New Business Firm to establish a Delaware business location
- Is not an affiliate of a New Business Firm

New Business Firm Requirements:

- Validly organized and existing corporation, limited liability company, limited partnership, general partnership, limited liability partnership, statutory trust or sole proprietorship
- In business for a three-year minimum, or if a new entity, a wholly-owned subsidiary of a company that's been in business for at least three years
- Has a place of business outside the State of Delaware
- Has a current business license issued by an out-of-state agency
- Does not have a place of business within the state of Delaware, and has not had a place of business within the state of Delaware for at least three years at the time it applies for the credit
- Is not a tenant of a Sponsor Firm, and has not entered into a rental agreement for a commercial rental unit with a Sponsor Firm
- Is not an affiliate of a Sponsor Firm

Business Finder's Fee Tax Credit



New Business Certification Process:

Both the Sponsor Firm and New Business Firm submit a joint application to the Delaware Economic Development Office (DEDO) that meets the following criteria:

- New Business Firm intends to relocate to the State of Delaware as a result of the Sponsor Firm's recruitment efforts within eight months of the date of the application
- New Business Firm intends to employ three or more full-time Delaware employees within eight months of the date of the application
- New Business Firm is not receiving a tax credit pursuant to the New Economy Jobs Program
- DEDO reviews the joint application to certify that such meets the criteria set forth

Tax Credit Application Process:

- Sponsor Firm and New Business Firm shall submit an application up to 8 months prior to New Business Firm's intended relocation to Delaware.
- The new full-time Delaware employees must have been employed by the New Business Firm for at least three months prior to the date of the tax credit application
- Sponsor Firm and New Business Firm indicate on the application the tax against which each seeks to apply a credit against
- DEDO verifies employment reported on application and authorizes that the tax credit be approved for the Sponsor Firm and New Business Firm
- Sponsor Firm and New Business Firm attach DEDO's authorization for the approved application to the Delaware tax return against which the credit is claimed
- If the tax credits exceed the tax due, the unused credits will be paid to each entity in the nature of a tax refund

When:

The Business Finder's Fee Tax Credit shall take effect on October 1, 2010. The aggregate maximum amount of tax credits approved in any fiscal year shall be \$3,000,000. Credits awarded that exceed the \$3,000,000 maximum will carry over to the succeeding fiscal year and receive priority for that fiscal year.

For additional information, contact
Delaware Economic Development Office at 302-739-4271