CORPORATE & EMERGING COMPANIES

Delaware Corporations: The Wrong Address Can Delay Your Next Financing or Sale

Delaware is enforcing its principal-place-of-business requirement. A registered-agent address, virtual mailbox or stale administrative address can prevent a corporation from obtaining a certificate of good standing – but a Delaware corporation managed outside the United States does not need to invent a U.S. office.

Jennifer Dasari, Mikhail Usubyan | Partners, Rimon P.C. | October 2026

A Delaware corporation can be current on franchise taxes and annual reports yet still fail a good-standing check if the principal-place-of-business address is not acceptable. For deal teams, this is a small compliance item with potentially inconvenient timing consequences.

The Delaware Division of Corporations (the "**Division**") maintains a specific "PPoB Non-Compliant" ("principal place of business non-compliant") status for a corporation that has filed its annual reports and paid its taxes but whose annual report contains a principal-place-of-business address that is noncompliant. Delaware states that a corporation in this status is not eligible for a certificate of good standing until it files an amended annual franchise tax report. That can turn an apparently minor compliance issue into a financing or M&A closing problem.

For companies anticipating a financing, acquisition, sale, restructuring or other transaction, the practical message is straightforward: review the address now – not when the Division declines to issue the certificate of good standing needed for the transaction.

The rule is not new, but Delaware has strengthened the statutory and enforcement framework

Delaware corporations have long been required to disclose their principal place of business in their annual franchise tax reports. The enforcement framework has developed in several stages:

- In 2022, Section 502 of the Delaware General Corporation Law (the "**DGCL**") (8 Del. C. § 502) was amended to state expressly that, unless a corporation actually maintains its principal place of business in Delaware and serves as its own registered agent, it may not report its Delaware registered office as its principal place of business.
- In March 2024, the Division of Corporations activated four dedicated status codes for different combinations of principal-place-of-business noncompliance, unpaid taxes and delinquent annual reports. A corporation in any of those statuses is ineligible for a good-standing certificate.
- Effective August 1, 2025, Delaware broadened and clarified the statute. Current DGCL § 502(a)(4) provides that, except where a corporation maintains its principal place of business in Delaware and serves as its own registered agent, the reported principal-place-of-business address may not be the corporation's Delaware registered office or the address of any other registered agent.

Recent practitioner reports indicate that the Division is actively identifying corporations whose annual reports contain non-qualifying addresses. The non-qualifying addresses include registered-agent addresses and, where they do not constitute the corporation's actual principal place of business, mailbox-only virtual offices, mail-forwarding services and other administrative addresses.

Registered office and principal place of business are not the same thing

Every Delaware corporation must maintain a registered office and registered agent in Delaware. The registered agent receives service of process and certain official notices. It does not follow that the corporation conducts its business from that location.

The two addresses therefore serve different functions. The registered-office address identifies the location at which the corporation can receive service of process through its registered agent; it may be an address used by the agent for many unrelated corporations.

The principal-place-of-business disclosure, by contrast, identifies the corporation's own business location rather than the location of a third-party agent. The DGCL does not further define "principal place of business." In practice, the reported address should correspond to a genuine physical location from which the corporation's business is actually directed, rather than a location used only for mail or administrative convenience.

DGCL § 502(a)(4) requires the annual report to identify the location of the corporation's principal place of business, including the street, number, city, and state or foreign country. Except where a corporation maintains its principal place of business in Delaware and serves as its own registered agent, the reported address may not be the corporation's Delaware registered office or the address of any other registered agent. The annual report must be signed by an authorized officer or director (or, for an initial report before the board has been elected, by an incorporator), and DGCL § 502(b) further provides that an officer or director who knowingly makes a false statement in the report is guilty of perjury.

In practical terms, companies should not report an address merely because it is convenient, receives mail or has historically appeared in the company's records.

Which addresses are likely to cause problems?

DGCL § 502(a)(4) expressly prohibits most uses of a registered-agent address. That provision does not separately enumerate virtual offices, mail-forwarding services, post-office boxes or professional-adviser addresses.

Recent practitioner reports indicate, however, that the Division may treat an address as noncompliant when it functions only as a communications or administrative address rather than the corporation's actual principal place of business. Examples may include a P.O. box or mail-forwarding arrangement; a virtual mailbox; the office of legal, accounting or corporate services providers; a former office that the company no longer occupies; and other third-party locations used principally to receive correspondence.

The label attached to a location is less important than the underlying facts. Depending on the facts, a genuine coworking or serviced office may be appropriate where it actually functions as the corporation's principal place of business – for example, where the company has a real right to use the space and management regularly works there and directs the business from that location. A "virtual office" package that provides only a prestigious address and mail forwarding ordinarily will not perform the same function.

Remote companies still need a genuine principal-place-of-business address

A remote-first company may not have a traditional headquarters, but it ordinarily still has a location from which its senior management principally directs the business.

Depending on the facts, that may be:

- the home office of the CEO, founder or another principal executive;
- a genuine coworking or serviced office where management regularly works;
- the office of an operating subsidiary from which the parent corporation is actually managed; or
- another physical location that functions as the corporation's management center.

Companies should not select an address solely because it is more attractive for marketing, banking or privacy purposes. The reported address should follow the substance of where management is actually conducted.

Delaware corporations managed outside the United States do not need a U.S. address

This is particularly important for startups incorporated in Delaware but managed entirely from Europe, Latin America, the Middle East, Asia or another non-U.S. jurisdiction.

DGCL § 502(a)(4) expressly contemplates that a corporation's principal place of business may be outside the United States: the required address may include a "state or foreign country," and Delaware's electronic annual-report form includes a "Non-US" option. Accordingly, a Delaware corporation managed from London, Lisbon, Warsaw, Yerevan or another foreign city may report its genuine overseas principal-place-of-business address. There is no requirement to establish an artificial U.S. office merely because the company is incorporated in Delaware.

For many startups managed from abroad, the appropriate address may be the office of a foreign operating company if the Delaware corporation is actually managed from that location. Where the Delaware corporation relies on that office, the corporate group should consider documenting the Delaware corporation's right to use the premises and the management or shared services performed there.

Consider the privacy implications before using a home address

For a fully remote company, a founder's residence may be the most factually accurate address. But companies should understand that a Delaware annual report is not a private document.

DGCL § 502(e) requires the Secretary of State to keep annual franchise tax reports open to public inspection, subject to a limited exception for specified tax information. The free Delaware entity search does not display annual-report images or officer and director addresses, but copies of annual reports may be ordered from the Division of Corporations. A residential address included in an annual report should therefore be treated as part of the public record, even though it may not appear in an ordinary free online search.

Where privacy or security is a concern, a genuine office or coworking arrangement that management actually uses may be preferable to a home address. A mailbox-only arrangement that is not the corporation's actual principal place of business should not be assumed to satisfy the Delaware requirement.

Why this matters in a transaction

Good-standing certificates are a standard item on many financing and acquisition closing checklists, as well as in credit facilities, reorganizations and other corporate transactions. Because the certificate may not be ordered until relatively late in the process, a principal-place-of-business problem can emerge precisely when the parties are trying to complete the transaction.

If Delaware has placed the corporation in one of its PPoB noncompliance statuses, it will not be eligible for a certificate of good standing until the address issue is corrected. If the corporation's status also reflects delinquent annual reports or unpaid taxes, those deficiencies must also be resolved. Although the correction process is usually manageable, any unexpected compliance item can create unnecessary work at a time when management, counsel and the transaction parties are already working under tight deadlines.

The issue may also prompt additional diligence questions. A counterparty may ask why the corporation used an address at which it did not operate and whether the same inaccurate address appears in tax filings, foreign qualifications, banking records, contracts or other governmental filings.

Companies that have not recently obtained a Delaware certificate of good standing and have questions about the address reported in their annual report may want to check their Delaware entity status proactively, rather than waiting until a transaction requires a certificate. Where appropriate, ordering a certificate of good standing in advance can provide an additional practical check and allow any issue to be addressed before the transaction timetable becomes compressed.

What companies should do now

1	**Review the most recently filed annual franchise tax report.** Confirm that the principal-place-of-business field identifies the corporation's actual principal place of business at a genuine street address – not its registered agent, a mailbox-only address or an obsolete office.
2	**Determine where the business is actually directed.** For a distributed company, identify the location that genuinely serves as its principal executive or management center.
3	**Correct an inaccurate report proactively.** An amended annual report can be filed through Delaware's online franchise tax and annual-report system or through the corporation's registered agent. The current filing fee is $50 for a non-exempt domestic corporation and $25 for an exempt domestic corporation.
4	**Check the corporation's Delaware status proactively.** If the company has not recently obtained a certificate of good standing – particularly if there is any question about its reported address – check its current Delaware status or consider ordering a certificate before a financing or other transaction is underway. If an amended report is filed, confirm afterward that the corporation has returned to good standing.
5	**Review other filings that use the same address.** Similar issues may exist in foreign-qualification filings, tax registrations, business licenses and other state records.

Companies should also update their annual compliance procedures. The principal-place-of-business address should be affirmatively confirmed by management each year rather than copied automatically from a prior report or a registered agent's records.

A corporation-specific issue

This particular Delaware annual-report requirement applies to corporations. Delaware limited liability companies, limited partnerships and general partnerships do not currently file annual reports with the Division of Corporations, although they have annual tax obligations and may be subject to address requirements in other filings or jurisdictions.

The practical takeaway

Delaware is not requiring every corporation to maintain a traditional headquarters – or even a U.S. office.

It requires the annual report to state the street address of the corporation's principal place of business. For a startup managed abroad or remotely, that address may be overseas or, depending on the facts, a genuine coworking office or a founder's residence. A registered-agent address is expressly prohibited in most circumstances, and recent practitioner reports indicate that mailbox-only virtual offices, law-firm addresses and similar administrative addresses are also being treated as noncompliant where they are not the corporation's actual principal place of business.

Correcting the annual report is usually relatively straightforward. Discovering the problem while waiting for a good-standing certificate on the eve of a closing is not.

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