FREE REFERENCE

Delaware business taxes, explained for 2026

Small businesses in Delaware register with the state revenue agency for income tax withholding and sales tax, and with the Delaware Department of Labor for unemployment tax. Delaware has income tax rates from 2.2% to 6.6%, no statewide sales tax and a $14,500 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** Income tax rates from 2.2% to 6.6% for 2026
- **Sales tax.** No statewide sales tax
- **Unemployment.** Employers pay Delaware unemployment tax on the first $14,500 of each worker's 2026 wages

What taxes does a small business pay in Delaware?

Most Delaware businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Delaware?

Before your first payroll in Delaware:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Delaware withholding account with the Delaware revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Delaware Department of Labor. For 2026, the tax applies to the first $14,500 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Delaware's new hire registry, usually within 20 days.

Employees in Delaware also pay paid leave (if your employer passes on half) at 0.4% of wages up to $184,500.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Does Delaware have a sales tax?

Delaware has no statewide sales tax. Businesses there don't collect sales tax on their Delaware sales, though they may owe it in other states where they sell.

How does Delaware tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Delaware income tax on it at the personal rates: income tax rates from 2.2% to 6.6%. Delaware allows a standard deduction of $3,250 single and $6,500 joint and exemption credits of $110 single and $220 joint. Wilmington charges a 1.25% earned income tax on people who live or work there.

Estimate yours with the Delaware income tax calculator.

Where are Delaware's tax forms and refund status?

- Delaware tax forms
- Delaware revenue agency
- Delaware refund status
- Delaware Department of Labor

Every state's links are on our state tax forms page.

Which calculators work for Delaware?

- Delaware paycheck calculator: take-home pay after every deduction
- Delaware income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Delaware unemployment

Common questions

Do I need a sales tax permit in Delaware?
No. Delaware has no statewide sales tax.

What is the Delaware unemployment wage base for 2026?
$14,500. Employers pay Delaware unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Delaware have a state income tax?
Yes. Delaware has income tax rates from 2.2% to 6.6% for 2026.

Who runs payroll taxes in Delaware?
The Delaware revenue agency handles income tax withholding, and the Delaware Department of Labor handles unemployment tax.

General information, not tax advice for your situation.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

eminenttax.com

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