START A BUSINESS - DELAWARE

How to open an auto repair shop in Delaware

Delaware repair shops need a Division of Revenue business license and pay a gross receipts tax; there is no sales tax to charge customers.

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1 Is a repair shop right for you?

Repair shops diagnose and fix vehicles, from maintenance and brakes to engines and collision repair. It suits experienced technicians who price fairly and keep good records.

2 Form the business and get a Division of Revenue license

1. Choose a structure. LLCs and corporations file with the Delaware Division of Corporations.
2. Get a Division of Revenue business license. Delaware has no sales tax; instead, businesses pay a gross receipts tax on what they take in.
3. Check your town or county for a local business license.

3 Licenses

We found no separate Delaware State license for repair or body shops beyond the Division of Revenue business license. Check zoning and local licenses with your town or county.

4 No sales tax: gross receipts tax

Delaware has no sales tax, so you do not charge customers tax. You pay a gross receipts tax yourself: for service businesses, .3983% of receipts after the first $100,000 a month, plus a $75 yearly business license ($25 for each extra location). Product sales up to $8,500 a year can go on the service license; above that you need a retailer license.

5 A/C work

Servicing vehicle air conditioning for pay requires EPA Section 609 certification.

6 Your first steps

1. Form the business and get the Division of Revenue license.
2. Check local licenses and zoning.
3. Buy insurance and equipment.
4. List your business on Nearby Car Care

Requirements at a glance

Division of Revenue business license and gross receipts tax

Required - State - Delaware Division of Revenue

Delaware has no sales tax. Every business needs a Division of Revenue business license and pays a gross receipts tax on what it takes in. For service businesses the license is $75 a year for the first location ($25 for each additional), and the gross receipts tax is .3983% after the first $100,000 a month. Product sales up to $8,500 a year can be reported under the service license; above that you need a retailer license.

Fees: $75 a year for the first location, $25 for each additional location

Form your LLC or corporation with the Delaware Division of Corporations first. Towns and counties may require their own business license.

Official application: https://revenue.delaware.gov/frequently-asked-questions/gross-receipts-tax-faqs/

EPA Section 609 certification for air conditioning work

Required in some cases - Federal - U.S. Environmental Protection Agency

Anyone who repairs or services a motor vehicle air conditioning system for payment or bartering must be certified by an EPA-approved Section 609 program. We found no separate Delaware State license for repair shops; automotive repair is listed among Division of Revenue service licenses.

Official agencies and links

Section 609 Technician Training and Certification Programs
U.S. Environmental Protection Agency
https://www.epa.gov/mvac/section-609-technician-training-and-certification-programs

Gross Receipts Tax FAQs
Delaware Division of Revenue
https://revenue.delaware.gov/frequently-asked-questions/gross-receipts-tax-faqs/

Tax Tips for Occupations / General Service
Delaware Division of Revenue
https://revenuefiles.delaware.gov/docs/services.pdf

Frequently asked questions

Do Delaware repair shops charge sales tax?
No. Delaware has no sales tax; the shop pays gross receipts tax instead.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.