



# CliftonLarsonAllen

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## Doing Business In The United States

### July 27, 2022



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# Today's Presenters



**Kirthi Mani**  
Managing Principal



**Stephanie McDonald**  
BizOps Chief Financial Officer



**Patrick Hanlon**  
Director



# Agenda

## Why:

- Benefits of U.S. Expansion

## When:

- Business Model
- Physical Presence

## Where:

- 50 U.S. states
- Credits & Incentives

## What:

- Entity Type
- Initial Set-up
- Tax

## How:

- CLA can help you simplify international expansion with one point of contact





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## Why Expand Into The United States?



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# U.S. is the largest recipient of FDI in the world

**Largest Sources of FDI  
in the United States (by UBO)**

Rank	Market	2020 Position In USD millions	Share of total
1	Japan	\$679,000	14.7%
2	Canada	\$569,788	12.3%
3	Germany	\$564,294	12.2%
4	United Kingdom	\$480,787	10.4%
5	France	\$314,979	6.8%
6	Ireland	\$296,425	6.4%
7	Netherlands	\$236,298	5.1%
8	Switzerland	\$235,311	5.1%
9	Australia	\$101,594	2.2%
10	Spain	\$88,660	1.9%
11	Bermuda	\$71,103	1.5%
12	Belgium	\$66,434	1.4%
13	Singapore	\$65,207	1.4%
14	South Korea	\$62,401	1.3%
15	Sweden	\$59,609	1.3%

**Fastest-Growing Sources of FDI  
in the United States (by UBO)**

Rank	Market	2020 Position In USD millions	CAGR 2015-2020
1	New Zealand	\$3,397	46.2%
2	Austria	\$17,184	40.1%
3	Thailand	\$1,809	28.6%
4	Luxembourg	\$39,609	25.5%
5	U.K. Islands, Caribbean	\$28,633	19.9%
6	Bermuda	\$71,103	18.4%
7	Denmark	\$31,491	16.7%
8	Kuwait	\$1,563	14.1%
9	Taiwan	\$19,687	13.9%
10	Greece	\$1,788	12.8%
11	United Arab Emirates	\$44,725	12.4%
12	Singapore	\$65,207	11.1%
13	Japan	\$679,000	10.9%
14	Colombia	\$4,080	10.8%
15	China	\$54,868	10.7%

Source: Bureau of Economic Analysis (BEA). UBO refers to Ultimate Beneficial Owner. CAGR refers to Compound Annual Growth Rate. Fastest-Growing Sources of FDI ranks markets with 2020 FDI stock in the United States greater than \$1 billion.



# Why the United States?

## World's Largest Market

- Largest consumer market in the world with \$23 trillion GDP and 331 million people

## Ease of Doing Business

- Ranked highly by OECD for overall competitiveness and regulatory environment

## Talented and Diverse Workforce

- U.S. workers are among the most productive in the world





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## When Should You Set up a U.S. Entity?

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# When to Set Up a U.S. Entity

- Depends on your business model
  - You may not need to form a U.S. company

What constitutes a physical presence?





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# Where Should You Establish U.S. Operations?

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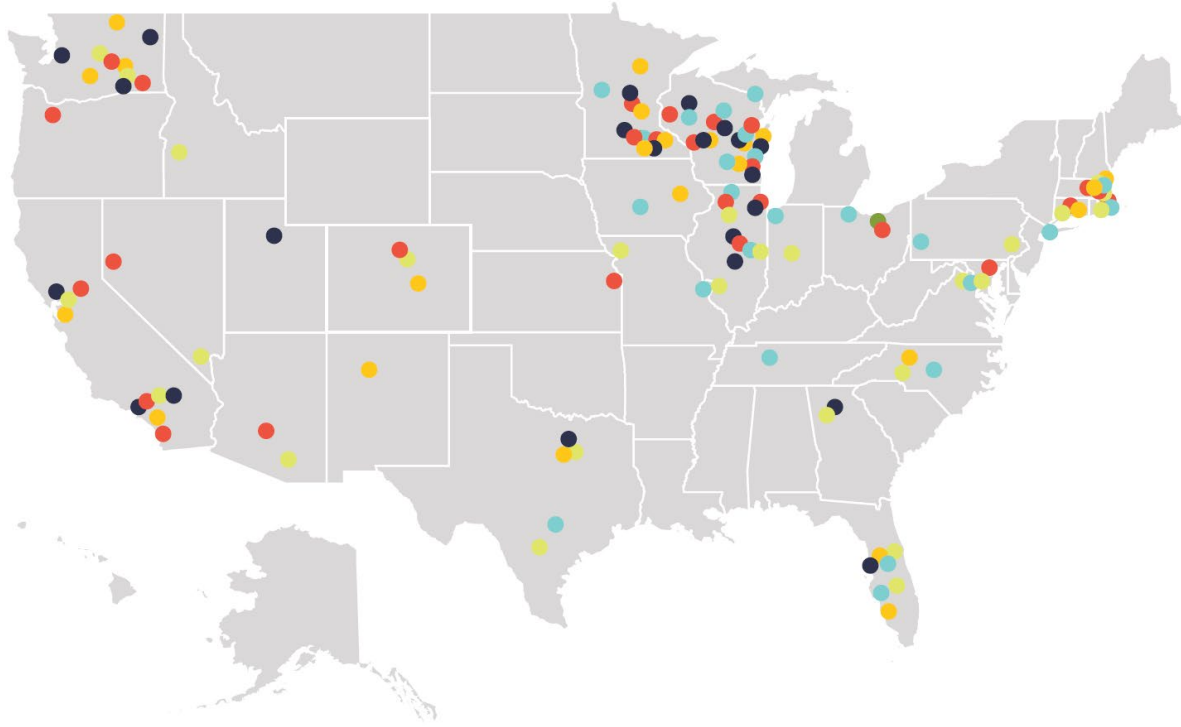
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# Relevant Entities

- Federal Agencies:
  - Department of Commerce – Economic Development Administration, Department of Agriculture, Department of Energy, Department of Labor, Department of Housing and Urban Development, and Department of Treasury
- State Agencies/Departments:
  - Commerce/Economic Development, Workforce/Labor, Natural Resources, Transportation, Tourism, Revenue, Community Affairs, and Education
- Local Agencies: Brief description/discussion and identify relevant departments and their roles (i.e. economic development, planning, zoning, finance)
  - County
  - Localities (City, Townships, Villages, etc.)
  - Others – Industrial Development Authorities, Port Authorities, Chambers of Commerce/Economic Development Agencies, Public/Private Partnerships, Utility Providers



# 50 Distinct United States



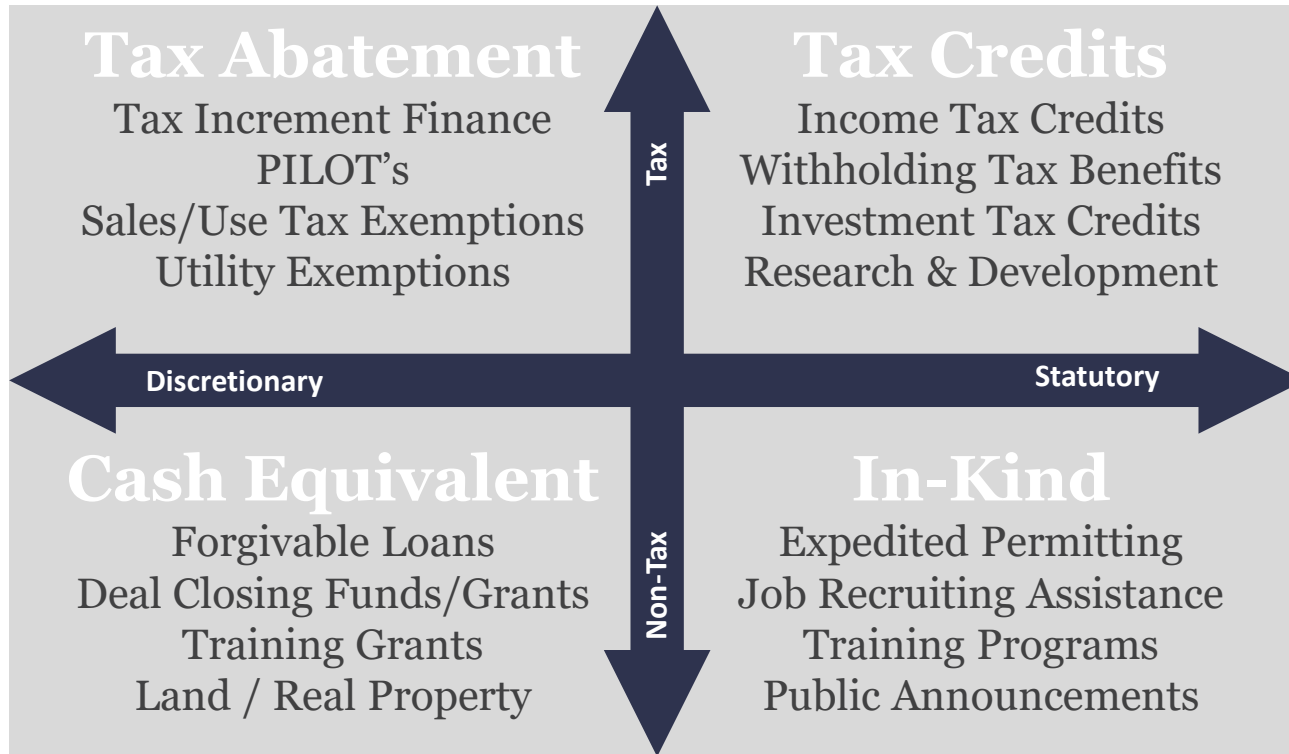
The state you choose impacts:

- Taxes
- Incorporation requirements
- Incentives
- Labor market

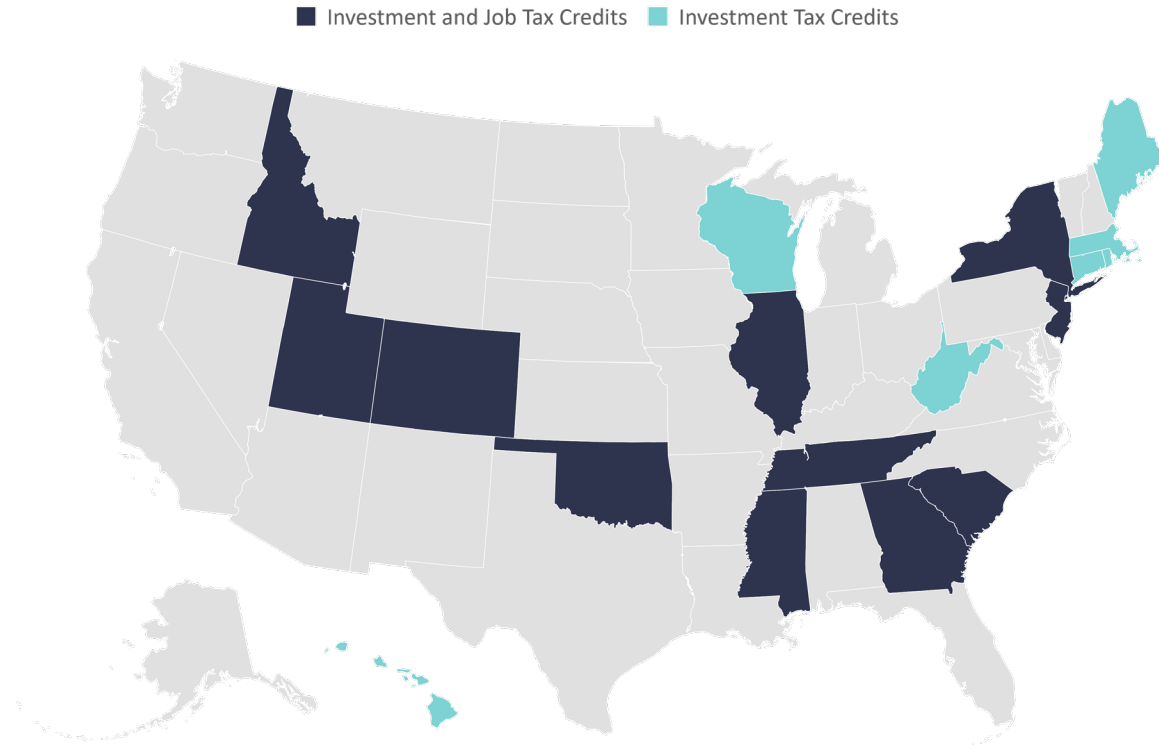
(Dots on map mark CLA office locations)



# Types of State Credits and Incentives



# States with Statutory Opportunities



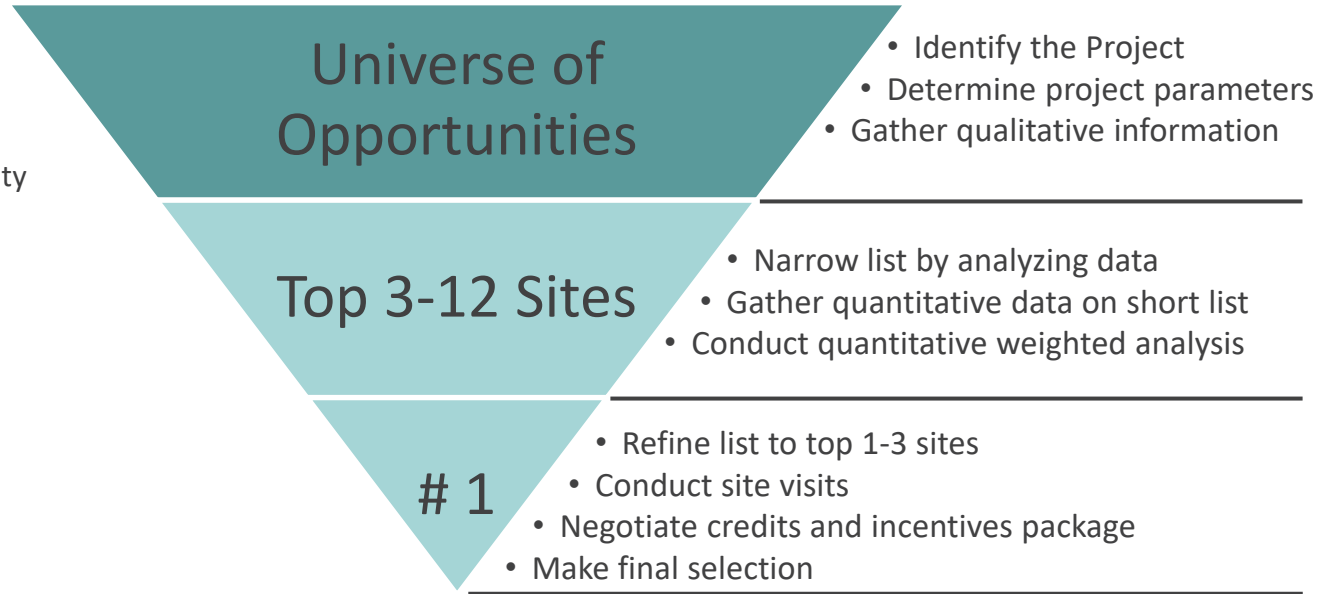
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# Site Selection Process

## Sample Criteria

- Utility Cost & Availability
- Workforce Availability & Quality
- Supplier Location Quotient
- Business Climate
- Customer Locations
- Labor Costs
- Transportation
- Taxation
- Credits and Incentives
- Quality of Life
- Education Attainment
- Public Health
- Cost of Living
- Real Estate



# Additional Considerations

- Will you purchase or lease real property?
- Are you planning to construct or upfit manufacturing, warehouse or office space?



- Have you addressed real estate and environmental matters, including compliance with federal and state laws?





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## What Steps Do You Need To Take?

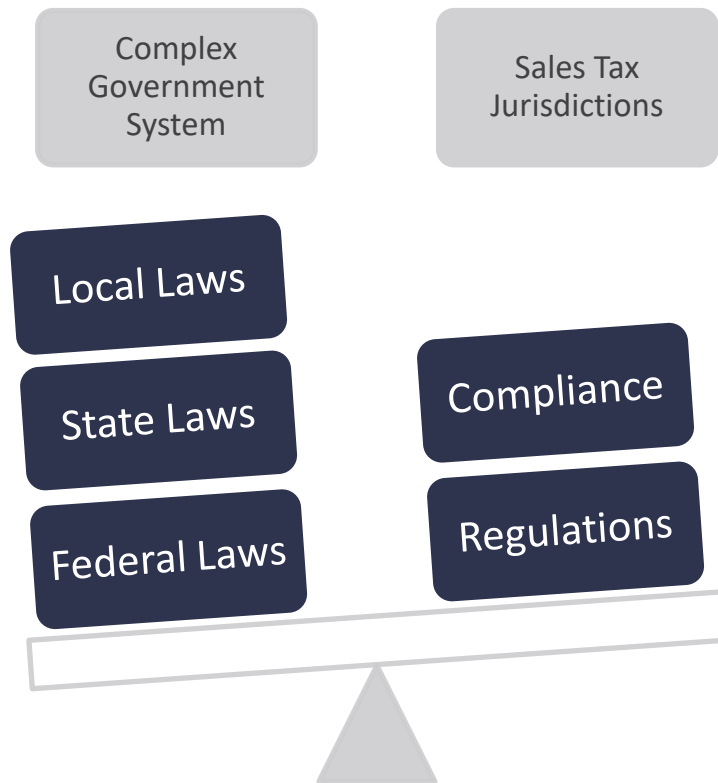
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# Start With a Plan!

The American government structure is complex – you may need professional guidance to navigate the many layers of jurisdictions and regulations.



# What Do You Need To Do First?



Set-up the US Entity



U.S. Tax Compliance



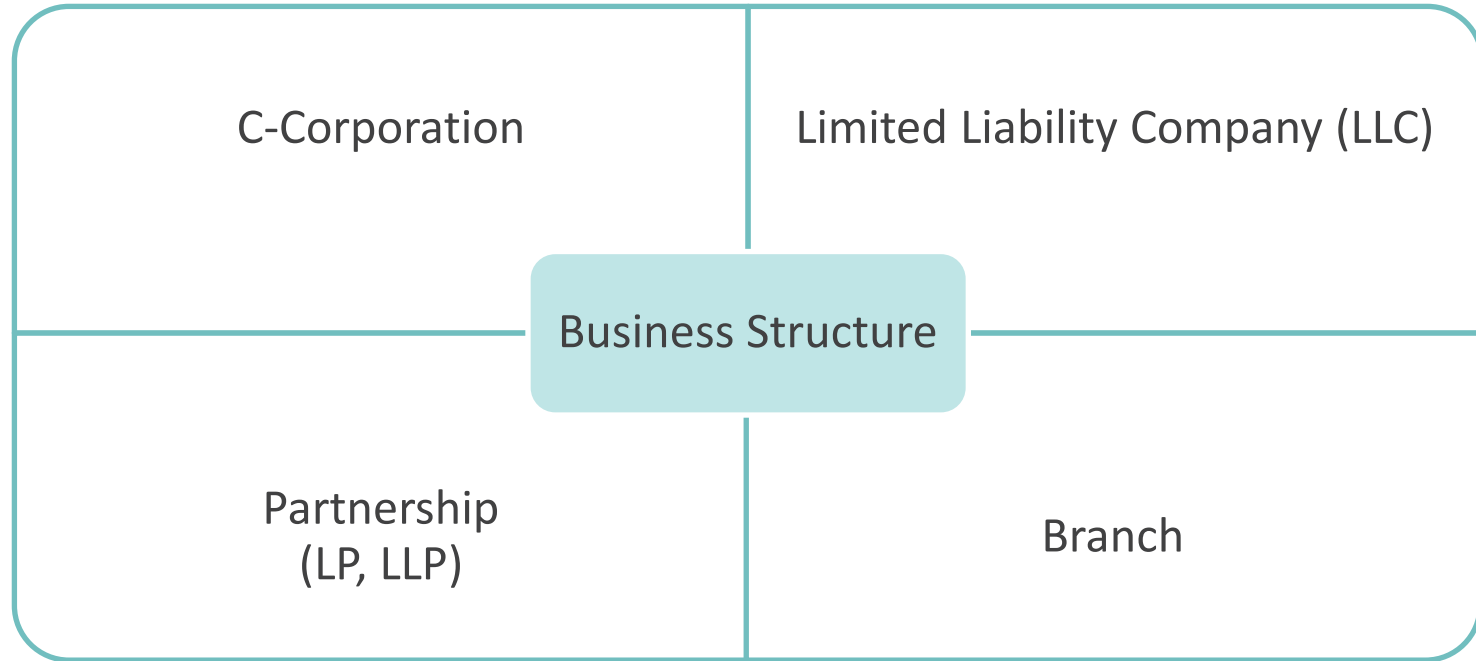
Consider Employment Needs



Review Data Security Requirements



# Forms of Doing Business in the U.S.



# Initial Entity Set Up Tasks

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Capitalize U.S. Entity

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Determine Accounting Year end

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Obtain Federal Employer Identification Number (FEIN)

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Obtain state and local tax ID numbers

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Open a U.S. Bank Account

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Register with Electronic Federal Payment System

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Obtain Licenses and Permits

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Plan for U.S. Import and Export Requirements

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Review Worldwide Insurance Policy

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Determine Legal U.S. Address

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Determine Reporting and Bookkeeping Needs

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# A checklist for foreign companies opening a bank account in the United States

- What do you want from the banking relationship?
- Why you might need a bank account in the U.S.
- Where should your US bank account be located?
- When should you apply for a US bank account and how long will the process take?
- How does a non-US company open a bank account in the United States?



# Tax Compliance

Federal, state and local tax

State/local taxes generally  
not covered by international  
tax treaties

Be aware of industry specific  
taxes

In addition to taxes that  
apply to all industries

Consider taxes imposed by  
multiple states and local  
jurisdictions

Review anticipated  
transactions to determine  
withholding tax and transfer  
pricing considerations



# Federal vs. State vs. Local

- Overriding Federal Laws
  - Data privacy
- Federal taxation
- IP

Federal



- Local Laws
- Local Taxes
- Employment

Local



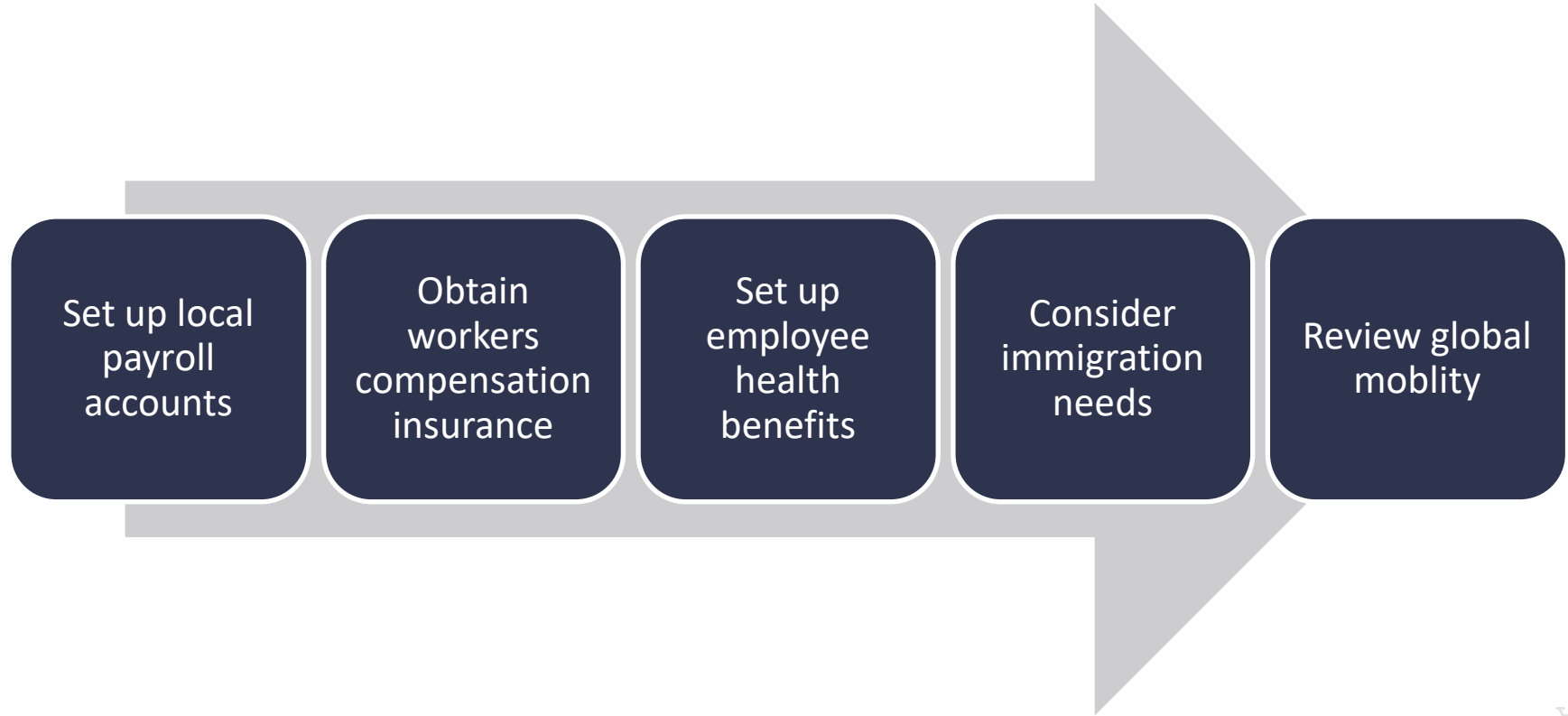
- State Laws
- Businesses are set up under STATE law (not Federal)
  - Each state is different
  - Physical location does not tie to domicile state

State





# Employment Needs



# Data Security – Review U.S. Requirements

In many countries, personal data is governed by a single, comprehensive data protection law.

However, the United States has a patchwork of state and federal laws that govern the privacy and security of personal information.





You want to expand and grow your business in the United States!!

But is there a trusted advisor who can help you reduce costly mistakes and guide you to achieve the desired outcome:

- Should I set-up a US Entity?
- When?
- How?
- Where?
- What are the steps?
- I am a foreign national and don't have a US SSN/ITIN?
- Need help to raise funds for my US expansion....



# How? CLA can help you enter the United States with ease

✓ **Choosing the optimal entity for your operation**

✓ **Establishing your bank accounts and relationships**

✓ **Sourcing and hiring employees**

✓ **Evaluating insurance and benefit alternatives**

✓ **Understanding both individual and corporate tax requirements**

✓ **Providing accounting and complete back office support**



# Thank you!



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