

# 10 Questions to Consider Before Entering the U.S.



Considering venturing into the U.S. marketplace? Unsure of how or where to start? If you answered yes to either of these questions, you are not alone. In a rush to get their products/services introduced to a new market, many business owners often overlook key issues that can end up causing problems down the road. To help shed light on these potential pitfalls, Cohen & Company has created our top 10 list of things to consider when preparing to do business in the U.S. Evaluating these key points could very well save you from future expenses and headaches.

## 1. Have you done your market research homework?

With the U.S. being a large market, the demographics vary tremendously from the West to East coast. It is important that you determine whether your product is suitable for specific regions.

## 2. What should be the legal structure of my US operation?

There are several legal entities through which to do business, e.g., Limited Liability Company, C-Corporation etc., each form has its own unique advantages/disadvantages.

## 3. How do I finance my operations?

You may be able to utilize traditional forms of financing e.g., loans from U.S. banks. Several options include a joint venture with a U.S. company, a venture capital or private equity fund that wants to invest in your operation, or loans from your overseas parent company.

## 4. How can I protect my intellectual property rights?

In today's world, protection of IP rights is crucial. You should contact a U.K. IP lawyer before you market/distribute your product in case you need to file for patent protection.

## 5. What local laws will affect my business?

Local laws vary from state to state, therefore it is critical you hire local counsel to discuss

labor, contract and business related legal issues at an early stage. Doing so will ensure there is minimum potential risks and exposure to the business.

## 6. What types of employee benefit issues should I be thinking about?

Unlike several countries around the world the U.S. does not have a socialized health care system, so if you want to attract the best and brightest you have to provide some kind of health care coverage. In addition, most employees will be looking to have the opportunity to contribute to a pension plan, which may include the employer contributing as well.

## 7. What taxes will my business be subject to?

Depending on the type of chosen entity, you will be required to pay income/corporation taxes to the federal government and depending on the state and/or municipality that you are operating in, you will be subjected to income and/or franchise taxes. You may also be required to collect sales tax (similar tax to "VAT" in Europe) and remit to the local governments. Your business and employees will also be subject to various payroll taxes.

## 8. Do I need to apply for a work visa for my employees?

If you employ U.S. citizens you do not have to apply for a work visa for them.

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However, it is likely that you will want some of your overseas employees to come to the U.S. to help set up operations and instill your business culture. To do this, you will need to apply for a work visa before landing in the U.S. There are various types of visas that you can apply for and you should seek legal counsel early in the U.S. expansion process.

## 9. How will I repatriate earnings?

The U.S. does not have any strict monetary regulations with respect to sending monies back to the home office. This can be achieved in various forms, i.e., management charges, dividends, royalties, interest etc. but you need to ensure that an appropriate amount is being remitted as the tax authorities have the right to look at transactions.

## 10. What one is important to succeed in the US market?

Excellent customer service is paramount to success in the U.S. The reigning motto in the U.S. is **"the customer is always right"**. This among many other aspects of U.S. culture, business and politics is worth noting if you hope to be successful.

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