



FLORES GROUP
ATTORNEYS & ADVISORS

**DOING BUSINESS IN THE UNITED STATES
LEGAL & TAX REQUIREMENTS**

I. INTRODUCTION

If you are considering starting or acquiring a business in the United States there are several legal, tax, business requirements that you should be aware of. This report explains the requirements and obligations.

II. LEGAL & CORPORATE ENTITIES

The first decision you need to make if you are doing business in the U.S., is the type of legal entity that you will use. For example, you may form a corporation, limited liability company, partnership or self-proprietor. Each entity has different legal and tax implications for your business.

If you will operate as a corporation or an LLC, you will need to reserved your business name. Keep in mind that corporation names must include the word “corporation,” “incorporated,” “limited,” or some abbreviation or derivation thereof. Likewise., LLC names must include the words “limited liability company”, “limited company,” or some abbreviations or derivation thereof.

III. FICTITIOUS BUSINESS NAME – D.B.A.’s

Any business entity can operate under a fictitious business name. If you will operate your business under your actual name, you need not file a fictitious business name statement also called “d.b.a.” or “doing business as.” In fact, many sole proprietors operate under their own actual names. However, if you operate your business under any other name, you

are required to file that name with the county clerk's office in the county in which you will do business. The certificate is good for ten years and can be renewed.

If your business takes any other legal form, you must register your company's name with the Secretary of State, Corporations Section. You are not required to file an assumed name certificate with the county unless your business will use an assumed name that is different from the one you registered with the corporations Section. That is, your corporation, limited partnership, LLC, or LLP be using a name that differs from your registered business name (see the example below), you, too, must file as assumed name certificate with you county clerk's office for the county in which your business will be located (if you have more than one office, you file in county where your headquarters or main site will be locate).

IV. LOCAL COUNTY AND CITY PERMITS

If your plan to operate a retail or manufacturing business you will probably be required to get permit either for construction or to open your particular type of business. There are often requirements or restrictions regarding signage, parking, or the type of business allowed in a particular area. Check with the local city and county governments regarding any special zoning ordinances and, of course, check with the Business Information and Referral Office, which should be able to tell you whether your business will likely require local permits.

V. ENVIRONMENTAL PERMITS

Permits often are required to conduct a business that may be regulated by a local or state government. Some federal agencies such the Environmental Protection Agency (EPA) or the Occupational Safety and Health Administration (OSHA) have state equivalents.

Also, if you are buying an existing business, make sure you thoroughly investigate any potential environment liabilities. It is not uncommon for the buyer of an existing business to be held liable for environmental problems caused by the business previous owners. You are encouraged to contact a licensed environmental professional to perform an environmental assessment of the business. This assessment will show you any liabilities before it is too late.

VI. REGISTERING TO PAY TAXES

Once you have officially obtained the necessary licenses and permits for your business, you will be responsible to notify the IRS. In many cases, you can simply contact a central tax agency, which in turn will get your started with the appropriate forms and filing requirements. Once your business is listed in their database, you may receive periodic

inquiries about your business or forms that you must complete to comply with state or federal laws, or both. The main taxes you will need to be aware of include:

- Estimated federal and state individual income tax,
- Estimated federal and state corporate income and taxes,
- A sale and use tax, and
- Property taxes
- Payed Taxes

VII. FEDERAL IDENTIFICATION NUMBER

You must obtain an employer identification number (EIN), even if you do not have employees, unless you form a sole proprietorship and have no employees. The first registration you should make is to file Form SS-4, *Application for Employer Identification Number*, with the federal government. You will receive an employer identification number that you will need in many cases to complete other registrations. It is somewhat similar to your personal Social Security number, only it relates to your business not to you.

VIII. CORPORATE INCOME TAX & LITIGATIONS

You may be required to file federal and state income tax returns annually. Also, you may have to make quarterly estimated tax payments based on your probability. In addition, you may also have to submit informational reports on various vendors and suppliers (form 1099). You need to establish a tax calendar for your business to properly monitor your obligations.

IX. SALES AND USE TAX

Each State impose a sales tax on merchandise sold within the state. If you operate a retail business or provide certain services, you will be required to collect and pay this sales tax to the comptroller of public accounts. Also, you will be required to obtain a sales tax permit from this agency, which will register your firm as a retail business that is authorized to collect sales tax. Some cities, counties, and metropolitan transit authorities may also impose their own sales taxes.

In most cases you will not be required to pay sales taxes to wholesalers and distributors so long as you provide them with resale certificated on the goods you purchase. In like manner, as a wholesaler, distributor, or manufacturer, you will not be required to collect sales tax on the goods you sell provided the buyer is a retailer purchasing those goods for resale and provides you with resale certificates at the time of the sale. For example, if you

sell exclusively to other reseller or if your primary business is mail order, you may only be required to collect the tax for items sold and delivered within the state. However, this are of the law is being challenged, so you will find it wise to stay informed about how these changes affect you.

X. PROPERTY TAX

Property taxes are assessed to pay the operating expenses of your locality, pay for bonds, and provide for special projects at the county and community level. Taxes are usually paid on an annual basis to the county treasurer. In most cases the county tax assessor will automatically bill as the owner of record, so you will not need to contract this office when purchasing property for your business.

XI. CONTRACTS & AGREEMENTS

It is important that all your business comments and employment relationship be properly documented by contract or agreement. For examples you may need employment agreements for your executives, distributors or representation agreements for your distributors or representatives, or agreements for franchises, licenses or similar business arrangement. A properly prepared and executed agreement will not only clarify the responsibilities of the parties. It will also establish how conflicts will be resolved, lie, lawsuit, meditation, or arbitration.

XII. IMMIGRATION & VISAS

If you plan to transfer foreign executives or investors to the U.S. you should be certain that you comply with immigration legal requirements. For example, for executives you may request an L1 Visa, for investors you may request an E2 Visa, for professionals or consultants you may request a TN Visa. You should have a qualified lawyer to help you with these matters.

XIII. CONCLUSION

The Flores Group would be very pleased to help corporate, tax, or business requirements in U.S.A. hope this information is helpful in analyzing your legal and tax obligations in the USA. The material is meet as a general discussion and not intended to be specific legal or tax advice. You should consult with your legal or tax advisors for your specific situation.

The Flores Group would be glad to answer any questions or assist you in establishing your business, please contact us at:

Please let me know if you have any questions on these matters.

Sincerely

Ruben Flores, Attorney and CPA

The Flores Group

San Antonio Office:

9901 IH 10 West, Suite 777

San Antonio, TX 78230

Tel. (210)340-3800

Fax (210)340-5200

Houston Office:

2425 West Loop South, Suite 200

Houston, TX 77027

Tel. (281) 292-0044