



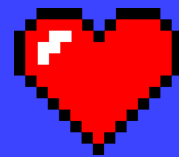
Pixel Tax Consulting

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How to start a business

in the USA as a Non-Resident:

a complete guide



Starting your own business is an exciting journey, but it can come with a number of challenges, especially if you are a non-resident of the USA. **This is why we created this guide – to provide you with all the information you need to know before and after launching a business in the USA.** Inside, you will find helpful tips to avoid common mistakes and pitfalls that many of our clients have faced, as well as a step-by-step plan for opening a business if you want to do it yourself. If, after studying this guide you need additional assistance, you can always book a free consultation, where we will be happy to answer all your questions.

Introduction

No Taxes

The USA attracts entrepreneurs not only because of its massive market but also as an advantageous jurisdiction for tax optimization. The ability to minimize tax liabilities makes opening a business in the USA one of the most attractive options for non-residents. Unlike many other countries, the USA taxes only the income earned within its territory.

This means that if your company operates globally and your US-based income is minimal or nonexistent, the tax burden will be significantly lower. If there are no operations within the USA, no taxes are levied at all.

02

international sanctions

It is important to note that US sanctions are not dependent on an individual's citizenship but rather on their place of residence. Citizens of sanctioned countries who continue to live in those countries cannot open a business in the USA. Pixel Tax Consulting handles business registration and accounting support and cannot work with clients residing in Russia and Belarus. However, difficulties may arise not only during the company formation process but also when opening bank accounts.

Citizens of countries like Bosnia and Herzegovina, Croatia, Uzbekistan, Russia, Belarus and Ukraine often face challenges, particularly in online banks. Nonetheless, if you reside outside of Russia and Belarus, we can offer alternative solutions, including the possibility of opening a bank account offline.

03

Do I need a professional to open a company?

You can register a U.S. company yourself, but accounting and tax filings require professionals. If needed, our team can handle everything from registration to accounting support.

LLC or C-Corp?

One of the key decisions when starting a company is choosing the legal structure for registration. The most common options are:

- **LLC — Limited Liability Company**
- **C-Corporation — C-Corp**

To make the right choice, it is important to understand the main differences and benefits of each type of registration.

LLC

If you are looking for liability protection, minimal administrative costs and tax flexibility, an LLC is an excellent choice. It is easier to register and maintain. LLCs do not have stocks or shares. Instead, they have a company interest or percentage share (similar to profit and loss distribution among partners). LLCs are pass-through entities, meaning the LLC's profits are passed on to its members and the company itself is not taxed.

C-Corporation

Also known as a C-Corp, this is a business structure in the USA that is a separate legal entity from its owners. A C-Corp is taxed as a separate entity. C-Corps are often preferred by large companies or multinational corporations with many shareholders or companies planning to attract investment and go public in the future, as they offer more flexibility in ownership and capital raising. Unlike LLCs, C-Corps have stricter rules and requirements.

If you are actively seeking or plan to seek investment in the future (e.g., from venture capitalists or accelerators) or if you plan to take your company public, we recommend forming a C-Corp in Delaware.

Delaware

We recommend Delaware if you have plans to attract investment for your American company from venture capitalists, accelerators or other investors, as they often require the company to be registered as a C-Corporation in Delaware. If you want the "prestige" of a Delaware registration even if you don't plan to attract investments, you can also choose this state. If you are not yet sure whether you will attract investment or don't know when you might do so, but are actively looking for funding or planning to in the future, it is recommended to start by registering an LLC in Delaware and then converting it to a C-Corporation.

The Best State

Wyoming

Wyoming is the most popular state among non-residents running online businesses, e-commerce or for those who want a simple way to register and manage their company. Wyoming was the first state to adopt and refine LLC legislation and it has the most developed and long standing legal practice in the LLC field in the USA. Additionally, Wyoming has no corporate or income tax, making it even more attractive for business operations.

Opening an LLC

- Hire a service (e.g., ptc.tax) that can handle the registration of your company in the USA, provide you with registration documents, and give you a business address in the USA.

OR

- Hire a registered agent and file the registration documents yourself with the state (you can apply and register an LLC directly by submitting the documents online through the state's website).

If you choose the first option, we will handle all the steps for you and you won't have to worry as long as you provide us with the necessary information.

If you prefer the second option, here's what you need to do:

Choose a Registered Agent

You can find an agent through a Google search; a registered agent is mandatory in every state for an LLC. They charge annual fees (ranging from \$25 to \$200 depending on the state). For simplicity, you can also use the Bizee service.

Choose a Name for Your LLC

Check the state's registry to see if the name you want for your LLC is available. If the state registry shows "No Records Found," it means the name is available, and you can use it to register your LLC. Check the availability of your company name in popular states at the links below:

- [Wyoming](#)
- [Delaware](#)
- [Texas](#)
- [California](#)
- [New York](#)

Get a Business Address

Purchase a business address in the USA from your registered agent or another service provider, as this is necessary for registering a company in the USA. Ensure you also have a virtual mailbox and mail scanning service at this address, so you can receive all important correspondence from the government or for your business, and the service provider can scan the received mail and send it to you.

LLC Setup & Documents

Register your LLC online through the state website and receive the Articles of Incorporation. Then prepare an Operating Agreement and key company documents, including bank resolutions and member ownership details.

Mailing Address in the USA

To conduct business in the USA, you will need a mailing address: many documents in the USA are still sent by mail and an address will be required when filling out any forms. Bizzy provides addresses for business registration in the USA, which can be a convenient solution, but you can also purchase an address independently through other services, such as PostScan Mail, which operate smoothly and may be more cost-effective in the long term.

Obtaining an EIN

The EIN (Employer Identification Number) is an employer identification number, which serves as the tax ID for your LLC. It is used to identify legal entities in the USA. This unique nine-digit number is assigned by the IRS (Internal Revenue Service) and is mandatory for conducting business in the USA and required by many banks and institutions.

[Important: If you are a non-resident of the USA and do not have an SSN \(Social Security Number\), the process of obtaining an EIN through services like BIZZY or other agencies may take up to a month or sometimes longer.](#)

If you are in a hurry and need an EIN quickly, we can help expedite this process. Even without an SSN, we can arrange to obtain an EIN promptly.



Opening a US bank account online and Neobanks

For non-residents of the USA who do not have an SSN and do not plan to travel to the country, it is possible to open a bank account in an online bank or neobank. However, it is important to note that difficulties may arise when opening an account in online banks, especially if your country is subject to sanctions or OFAC (Office of Foreign Assets Control) restrictions. This may lead to account denial based on your citizenship and/or residence.

Physical Banks in the USA

The second option is to open a bank account at a traditional physical bank within the USA. For this, you will need to visit the country in person. It is important to note that you do not need a business visa to open an account — a tourist visa is sufficient. However, you will need a temporary physical address in the USA, which can be rented for a month or longer. You should have a lease agreement to confirm the address.

[*If you need assistance obtaining an urgent tourist visa for opening a bank account, contact us.](#)



Opening an account without your presence

If you cannot visit the USA in person, we can open a bank account for you offline. We can act on your behalf and handle all matters related to account opening. If you decide to visit the USA later, we will reassign the account to you and transfer all necessary documents.

Hiring Employees

Hiring employees outside the USA is surprisingly simpler than within the country. The USA does not heavily regulate foreign workers, and foreign authorities have limited influence over US-based companies.

You have 3 options for hiring abroad:

- **Independent Contractors**
- **This is the simplest method. You only need to send monthly payments. Platforms like Deel handle everything else, including collecting the W-8BEN form and other documents.**
- **Employer-of-record services**
- **If your potential employees prefer official employment for social and state benefits, you can hire them through an EOR. An EOR is a local legal entity that pays salaries to employees. However, it is worth noting that EOR services are significantly more expensive compared to independent contractors — usually \$300-600 per month per employee versus \$20-40 per month.**

Opening a subsidiary This option is usually not the most cost-effective unless you have dozens of employees in one country and plan continuous operations there.



Expenses

In addition to hiring employees, you will likely spend money on various services. It is important to keep records for each expense: every expense should be backed by a receipt or invoice.

If you pay more than \$600 per year to a US-based contractor who is an individual or LLC, you will need to collect a W-9 form. You do not need to collect W-9 forms from corporations.

The collected W-9 forms will be used to submit a 1099 report (due by January 31 for the previous calendar year). For each contractor outside the USA (individuals or entities), you must collect a W-8BEN(-E) form, regardless of the amount you pay them. Although collecting W-9 and W-8BEN forms may seem complicated, the process is usually simple and automated. For instance, the Deel platform handles the collection of W-8BEN forms for foreign contractors.

Tip: Always request a W-9 or W-8BEN form before making a payment. Obtaining these forms after the payment is much more difficult, as one-time contractors may no longer be interested in responding to your requests.

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EasyStaff is a freelance management platform for seamless global payroll

Pay remote employees and freelancers in any currency through a B2B contract

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To issue invoices, you can use QuickBooks, which you will also need for bookkeeping (more on that below), or use Stripe — their invoicing capabilities have improved significantly recently. Just make sure to disable credit card payments for larger invoices to avoid processing fees, which are typically around 3%. If you use QuickBooks, be sure to apply for the QuickBooks Pay feature.

This solution greatly improves the payment process for your invoices. For example, instead of logging into the bank and entering details, QuickBooks allows your clients to provide their banking details so that QuickBooks can automatically debit their account.

Setting up Stripe and using the QuickBooks Payments feature will require you to provide the SSN (Social Security Number) of one of the founders or a trusted person (e.g., a secretary, C-level executive, or contractor). It should be noted that in some industries, clients in the USA prefer to pay invoices by check. In this case, Stable can deposit checks into your bank account.

Bookkeeping and Budgeting

Organizing your financial records will save you time and money when preparing taxes. There are benefits to updating your bookkeeping monthly. **At the beginning of each month, you can review all sales, expenses, and bank transactions from the previous month and classify each one.**

As a result, you will have 2 key reports:

- **Profit and Loss Statement (P&L): Shows how much money you spent in the previous month and what it was spent on.**
- **Balance Sheet: Reflects, among other things, how much money you actually have.**

With a P&L and Balance Sheet, it's easy to calculate your "runway" — the amount of time you have before your funds run out. If your business operations are more complex than just receiving payments through Stripe and paying salaries or if you have significant funding and minimal expenses, you need to maintain bookkeeping on a monthly basis. Additionally, potential investors may ask for financial statements if you are actively seeking funding.

While a qualified professional can manage your bookkeeping using Excel or Google Sheets, specialized software is more efficient.

The most popular bookkeeping software is QuickBooks Online. To stay focused on business tasks and have peace of mind knowing that all reports and filings are submitted on time, 90% of our clients use the Accounting & Bookkeeping service.

Taxes

The taxation of non-resident businesses in the USA depends on the concept of "US presence" and the "economic entity" of your business. Let's break down what this means. **As a non-resident of the USA, you are subject to tax on business income if you are officially "engaged in trade or business in the United States" (ETBUS).**

ETBUS status arises only when two conditions are met:

You have at least one "dependent agent" in the USA. This is an employee or company working exclusively for you. This agent performs significant functions for the development of your business in the USA (administrative positions do not count).

!You are only taxed if you have a "permanent establishment" in the USA, such as an office or other permanent place of business. If these conditions are not met, your business is not subject to US taxation!

Even if an LLC receives income from providing services or selling goods in the USA, this income may not be taxed in the USA if you do not have a permanent establishment or dependent agents.

Example: As a citizen of Poland living, for instance, in Argentina, you can engage in consulting, provide online services, work in VFX, or sell products through Amazon without paying US taxes. However, if your activities are conducted through a permanent establishment in the USA or you hire employees working for you in the USA, tax obligations may arise.

Taxes for US Companies

Every company in the USA is required to file tax returns and pay taxes. Federal taxes are collected by the IRS (Internal Revenue Service). The good news is that if your company does not make a profit, taxation is minimal, with more focus on documentation than actual tax payments. The most common taxes are payroll taxes, which are paid with each paycheck. Your payroll service provider or Professional Employer Organization (PEO) will handle this. Other taxes are paid quarterly or annually.

Here is a brief overview of what to expect:

Income Taxes

If your business does not make a profit, there are no income taxes. In some states, such as Wyoming, state fees are minimal. In other states, such as Delaware, an additional tax may apply, such as a franchise tax.

Tax Return

The filing deadline is April 15 or October 15 if you requested an extension. The return shows your taxable income or loss. Even if there are no income taxes, an LLC must still file a tax return.

1099 Report

This report covers all US-based service providers (individuals or LLCs) to whom you paid more than \$600 in a year. An important part of the report is the W-9 forms you collected from your vendors. The deadline for filing is January 31.

If you have a tax presence in any state, such as a physical office, employees, or significant income from that state, you must also file a tax return in that state. The criteria depend on the specific state.

- **Form 5472 (for foreign shareholders): If your company has foreign shareholders, you must notify the IRS. The penalty for non-compliance can reach \$25,000.**

How to Maintain Proper Bookkeeping and Prepare for Taxes? If your financial records are organized and W-9 forms are collected on time, we can quickly prepare your tax return. You simply share your QuickBooks data with our accountant. If your finances were not organized throughout the year, tax preparation will take longer. Filing a tax return on your own is not possible, as it requires a licensed professional. It is important to remember that with a business in the USA or abroad, even if you do not pay income taxes, you still need to file a tax return on time and ensure proper bookkeeping.



Summary

Opening a business in the USA as a non-resident is an exciting opportunity, but the process requires attention to detail and an understanding of local laws.

To open a company in the USA, you need to:

- Choose a legal structure (LLC or C-Corp).
- Select a state for registration.
- Register the company.
- Obtain an EIN.
- Open a bank account.
- Hire employees.
- Maintain bookkeeping and reporting.

If you need additional assistance or want professionals to handle the company registration process, bookkeeping, and tax filing, our team is ready to help. Schedule a [free consultation](#) and we will answer all your questions.