

## Appendix: US Business Startups

### Starting a US Business {#usbus}

#### References:

- [Small Business Administration](#)
- [Small Business Grants](#)
- [LLC University](#)

I know you're eager to create a mobile game and sending into the "wild" and collect billions from your novel game mechanics and design. But to do that, you need a proper "LEGAL" foundation. This section will guide you into various topics you should research further. Starting a US-based business is simple, if you have the right professional -- such as *a business lawyer* who will you hours of research -- and information on your side.

- *Step #1: Decide on a business structure.*

Business Type	US Citizen	non-U.S. resident
<b>Sole Proprietor</b>	Yes, simplest*	Avoid
<b>LLC</b>	YES, best choice	YES, best choice
<b>S-Corp</b>	most recommended**	YES, best choice
<b>C-Corp</b>	Avoid	YES, recommended

#### Notes:

\* Sole proprietorship is the simplest business type and it does not require any formal filings. You're automatically considered to be a sole proprietorship if you do business activities but don't register as any other kind of business. The disadvantage and the reason *why you should NOT start your business as a sole proprietorship* is that you will take personal liability for *all business matters*.

\*\* if estimated income is more than \$80,000 a year.

- *Step #2: Where to base your business structure.*

If you're a U.S. resident citizen, you should base your LLC in the state where you are physically located. For example, if you live and work your business in Arizona, then you should form your LLC in the state of Arizona. But, if you're a non-US citizen or resident and you do NOT plan to have physical presence inside the US &dash; by that I mean that you will operate strictly outside of the US and US territories, then you should consider basing your LLC in the state of Wyoming. It the best and most business-friendly state for non-US residents.



*Expert advice from a business lawyer: "Where to form your LLC"*



*Expert advice from a business lawyer: "Where to form your LLC for Non-US residents "*

	Delaware	Nevada	Texas	Wyoming
Annual Cost:	\$50	\$325 <sup>1</sup>	\$ 0 <sup>2</sup>	\$25
Business Income Taxes:	\$300	None	None <sup>3</sup>	None
Continuance procedure (allows adoption of a corporation formed in another State):	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Doesn't collect corporate income tax information to share with the IRS:		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Meetings may be held anywhere:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Member Meetings:	Not Required	Not Required	Not Required	Not Required
Minimal initial filing fees:	\$50+	\$50+	\$50+	\$100
No annual report is required until the anniversary of the incorporation date:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
No franchise tax:		<input checked="" type="checkbox"/>	varies	<input checked="" type="checkbox"/>
No general Business License required:	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
No initial List of Officers/Members is filed with the State:	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
No minimum capital requirements:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
No state corporate income tax:		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
No tax on corporate shares:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Nominee shareholders are allowed:		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Officers, directors, employees and agents are statutorily indemnified:		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
One-person corporation is allowed:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Setup Fee:	\$90	\$75	\$309 <sup>4</sup>	\$100
Share certificates are not required:		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Single Member LLCs:	as a Sole Proprietor	Allowed	Allowed	Allowed
Stockholders are not revealed to the State:	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Unlimited stock is allowed, of any par value:	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Comparison between Delaware, Nevada, Texas and Wyoming for LLC:

### Download the US Business LLC Chart [from here.](#)

- *Step #3: Registered Agent.*

LLCs (and any Corporate structure) are required to have a "Registered Agent" with a physical address (**not a P.O. Box**) during normal business hours. Registered Agent receives official papers and legal documents on behalf of your company. The registered agent must be located in the state where your business is registered.

- *Step #4: Register your business.* It's best to seek a lawyer to assist in this process in the state your business is physically conducting operations.

- **Step #5: Apply for Employer ID Number.** Every business in USA needs an Employer Identification Number (EIN) (also known as Tax ID number) to start a business. EIN is a Tax ID number issued by the U.S. Internal Revenue Service (IRS) that identifies your business activities. An EIN is similar in many ways as a social security number. US resident citizens will use their SSN to [apply for an EIN online here](#). For non-US citizens who do not have a SSN or ITIN, you can [learn about your application process here](#), or watch this video:



*Expert advice from a business lawyer: "How to get an EIN without SSN"*

- **Step #6: US Business Mailing Address.** Most U.S. banks also require a mailing address or residential address for opening a bank account. You can provide your business address if you have a business address in United States. However, if you don't have a U.S. address, you can use one of the following companies to get a U.S. address. These services provide a U.S. mailing address for your business.:
  - [Sasquatchmail.com](#) (from \$29/month)
    - [iPostal1.com](#) (from \$10/month)
    - [USAMail1.com](#) (from \$10/month)
    - [PhysicalAddress.com](#) (from \$8/month)
    - [TravelingMailBox.com](#) (from \$15/month)
    - [EarthClassMail.com](#) (from \$69/month) (expensive)

- *Step #7: Open a US Business Banking Account.* This can be tricky and has several options. It best to follow the advice of a business lawyer.

<https://youtu.be/1sfngvJlzsg>



*Expert advice from a business lawyer: "How to Open a US Bank Account"*

- *Step #8: Collecting Customer Payments.* The most popular options for opening up a merchant account are:
  - [Stripe.com](https://stripe.com) (does not require a SSN, all you need is an EIN which I can get you)
    - [Payoneer.com](https://payoneer.com) (great for non-US residents)
    - [Braintreepayments.com](https://braintreepayments.com)
    - [Authorize.net](https://authorize.net)
    - [Paypal.com](https://paypal.com) (requires SSN which most non-US citizens do not have)

You can also find other [alternatives to Paypal here](#). If you're a high risk merchant, you can research [emerchantbroker.com](https://emerchantbroker.com).

- **Step #9: Secure business insurance.** Business insurance protects you from any unexpected costs while running your business. Examples of these expected costs could be: Accidents, information loss, natural disasters, and lawsuits. Any one of these could drain your business operations if you're not protected with the proper insurance policies. Commonly secured insurance policies are:

Insurance Type	Who	What
<b>Business Owner Policy</b>	Most small business owners, but especially those who are home-based	A business owner's policy is an insurance package that combines all the typical coverage options into one bundle. They simplify the insurance buying process and can save you money.
<b>Commercial Property</b>	Businesses with a significant amount of property and physical assets.	This coverage protects your business against loss and damage of company property due to a wide variety of events such as fire, smoke, wind and hail storms, civil disobedience and vandalism.
<b>General Liability</b>	Any business	This coverage protects against financial loss as the results of bodily injury, property damage, medical expenses, libel, slander, defending lawsuits, and settlement bonds or judgments.
<b>Home-based Business</b>	Businesses that conduct operations from the owner's personal home.	This coverage is added to homeowner's insurance as a rider. It can offer protection for a small amount of business equipment and liability coverage for third-party injuries.
<b>Product Liability</b>	Businesses that manufacture, wholesale, distribute, and retail a product.	This coverage protects against financial loss because of a defective product that causes injury or bodily harm.
<b>Professional Liability</b>	Businesses that provide service to customers.	This coverage protects against financial loss because of malpractice, errors, and negligence.

- *Step #10: Getting a US business phone number.* Now that you understand how to start your LLC, your best option is to get a [Google Voice number for free](#) or a [Skype number](#) (\$50 per year). If you're looking to get a toll-free 1-800 number, which I strongly recommend you investigate the cost you are incurring, consider [freedomvoice.com](#) or [grasshopper.com](#)
- *Step #11: Thoroughly understand your US tax obligations.* Here's where you will need another professional in addition to your business lawyer -- a Tax Accountant or Certified Public Accountant (CPA). A great accountant can help you reduce taxes and maximize deductions. For any business tax questions or to file a tax return for your business, you might consider [Greenback Business Services](#). They have expert accountants on staff year-round to help with your tax filing and bookkeeping needs. Here's an example on how complicated it could become.

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## **US Tax Issues for Amazon FBA Sellers**

*When it comes to Amazon FBA, if you're a non-US human or a non-US legal entity and your only activity in the U.S. is selling products on Amazon FBA, you are NOT subject to U.S. Federal Income Tax.*

*A non-US person is subject to U.S. tax on business income ONLY if they're engaging in a trade or business in United States.*

*This means that you have to have some people on the ground in the U.S. who operate your business (these have to be your people and not just someone else's people).*

*A non-US person is engaged in a trade or business in the U.S. only if they have:*

- \* At least one dependent agent on the ground in the U.S. and*
- \* That dependent agent does something substantial to further the business.*

*An acronym for this is ETBUS (Engaged in Trade or Business in the U.S.) Third-party fulfillment centers are NOT considered to be "engaged in trade or business in the US" — so that that means is that just by having your products sent to third-party fulfillment centers in the US, you would typically NOT be subject to US taxes.*

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- *Step #12: Consult with a [reputable Business Lawyer](#).* It's very complicated and challenging to start a business in USA. The biggest mistake entrepreneurs make is never consulting with a business lawyer before starting their business. This puts important personal assets (such as a personal bank account, home, car, property, etc.) at risk.

## **Initial Funding**

Many [fledgling](#) businesses begin with high hopes of success. However, comprehensive research (conducted by experts) shows that [7 out of 10 businesses fail within their first 10 years](#). Business **failure** is a reality. 80% of young businesses survive their first year; and by the end of the second year only 2 out of 3 live to see their third year. By their fifth year, the death-toll rises to 50% and of those remaining by their 10th year 30% are still active.

Reasons for the high failure rate of businesses points to 10 areas of which 4 directly concern financial cash flow.

- **Exercise:** Discover the 10 areas for business failures [in this article](#).
- **Exercise:** Learn "[7 Options for Small Business Startup Loans](#)"
- **Exercise:** Read "[Small Business Grants: 105 Ways to Get Free Money for Your Business](#)"
- **Exercise:** Study the [10 Funding Options To Raise Startup Capital For Your Business](#)