GUIDE · INTERNATIONAL SERIES

CONNECTIVE BUSINESS SOLUTION

STRATEGY RE-DEFINED

U.S. MARKET ENTRY FOR INTERNATIONAL COMPANIES

A practical guide to business formation, tax and regulatory foundations, supplier diversity, and government market access, written by an Orlando-based, Enrolled Agent-led firm that has completed every registration and certification it describes.

Written For

International Companies · Economic Development Organizations · Trade Partners

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The United States is not one market. It is a federal system layered over fifty state markets, each with its own registrations, taxes, and buyers. Companies that enter well treat that structure as a sequence: choose the state deliberately, build the legal and tax foundation completely, establish banking and operations, and only then pursue the growth channels, including the largest customer in the country, government. Companies that struggle usually skipped a layer and met it later as a penalty, a frozen bank account, or a disqualified bid.

This guide walks the sequence in order: entry decisions, formation mechanics, the federal and state tax foundation, banking and operations, the truth about supplier diversity certifications for foreign-owned firms, government market access, a phased 12-month roadmap, and how to choose US advisors. It is written to be practically useful and honest about limits: where a step requires licensed counsel in immigration, securities, or home-country tax, the guide says so rather than pretending otherwise.

01 / BEFORE YOU LAND: THE ENTRY DECISIONS

Choose the state like the decision it is

Your US state determines your formation law, your state tax exposure, your labor rules, and your proximity to customers and talent. Weigh four factors: where your customers and industry cluster, the state's tax structure, the operating costs of the locations you will actually staff, and the logistics that matter to your model. Incorporation-friendly states are famous for their courts and privacy; customer states are where revenue lives. Many entrants form where they will operate, which keeps the compliance footprint to one state until growth adds more.

> **WHY COMPANIES CHOOSE FLORIDA**
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> As one example we know firsthand: Florida combines no state personal income tax, a major international airport hub, deep tourism, aerospace, and logistics industries, and a long-standing role as the commercial gateway between the United States and Latin America. It is not the answer for every company, but for consumer, trade, and services businesses serving the Americas, it is frequently on the shortlist.

Subsidiary, branch, or distributor

Most international companies enter through a US subsidiary: a separate American entity owned by the foreign parent, which contains US liability, simplifies contracting with American customers, and presents domestically. Operating as a direct branch of the foreign company is simpler on paper and heavier in practice, exposing the parent to US filing and liability directly. Selling through distributors defers the decision but caps control and margin. The choice interacts with home-country tax treatment, so make it jointly with your home advisors, not after the fact.

02 / FORMATION MECHANICS

- **Entity type:** foreign-owned entrants commonly form a C-corporation, which handles foreign ownership cleanly and is what institutional counterparties expect. LLCs remain available and flexible, but pass-through taxation creates direct US filing obligations for foreign owners that many parents prefer to avoid. Decide with tax advice, not by default.
- **Registered agent and address:** every entity needs a registered agent in its state and a real US business address. Both are solvable in days; both are required before almost everything else.
- **EIN, the practical way:** the federal Employer Identification Number unlocks banking, hiring, and tax filing. Foreign owners without a US Social Security number cannot use the online application; the EIN is obtained by submitting Form SS-4 by fax or mail, with a responsible party identified. Plan for this to take weeks, not minutes, and start it immediately after formation.
- **Governance documents:** bylaws or an operating agreement, initial resolutions, and a clean ownership ledger. Thin governance paperwork is a common and avoidable reason US banks decline foreign-owned applicants.
- **Beneficial ownership reporting:** US beneficial ownership rules have shifted repeatedly, and under current federal rules the reporting obligation falls on foreign companies registered to do business in the United States. Confirm the requirement as it stands at your filing date; this is an area where last year's article is wrong this year.

03 / THE TAX AND COMPLIANCE FOUNDATION

Federal obligations

- **Corporate income tax:** a US subsidiary files a federal corporate return annually regardless of profitability. Losses in early years do not remove the filing duty.
- **Related-party reporting:** corporations with 25 percent or more foreign ownership, and foreign-owned single-member LLCs, must report transactions with related foreign parties on Form 5472. Penalties for missing it start at $25,000 per form, per year, and this is the single most common and most expensive first-year mistake we see foreign-owned entrants make.
- **Employment taxes:** hiring one US employee creates federal withholding, Social Security and Medicare, and unemployment obligations, plus state equivalents. Payroll is a solved problem with the right provider; it is an unsolvable one retroactively.
- **Cross-border payments and treaties:** payments to the foreign parent, such as royalties, interest, and services, can trigger US withholding, moderated by any tax treaty between the countries. Map the intended flows before money moves, and coordinate transfer pricing positions with home-country advisors.

The state layer

Each state where you operate adds registration, possible income or franchise tax, and, since the Supreme Court's Wayfair decision, sales tax obligations that attach through economic activity alone, without any physical presence. If you sell across state lines, monitor where your sales volumes create nexus and register before the state finds you. Annual reports keep the entity in good standing; missing them is how companies discover they were administratively dissolved at the worst possible moment.

04 / BANKING AND OPERATIONS

- **Bank account reality:** opening a US business account as a foreign-owned company is a documentation exercise: formation records, EIN letter, governance documents, beneficial ownership detail, and frequently an in-person appearance by an authorized signer. Plan the trip; the account is the gate to everything commercial.
- **Payments and credit:** establish US payment processing early, and expect to build American credit from zero regardless of the parent's standing. Vendor terms improve with a domestic track record and not before.
- **Insurance:** general liability at minimum, professional liability for services firms, workers' compensation with the first employee. Certificates of insurance are routinely demanded by US customers and landlords.
- **Accounting standards:** the US market runs on US GAAP while much of the world reports under IFRS. Decide early how the US books will be kept and how they will consolidate upward, so year-end is a process rather than a project.

05 / SUPPLIER DIVERSITY, HONESTLY

US corporations and governments operate substantial supplier diversity programs, and international entrants often assume certification is a fast lane. The honest picture is narrower and still valuable.

- **The citizenship reality:** most major diversity certifications, including the federal woman-owned program and leading minority business certifications, require majority ownership and control by US citizens or, in some programs, lawful permanent residents. A foreign-owned subsidiary generally will not qualify, and pursuing certifications on aggressive theories risks more than it gains.
- **What is genuinely available:** corporate supplier programs that welcome capable new vendors regardless of ownership, state and local vendor registrations open to any registered US entity, and industry programs with their own criteria. Register broadly; these are how procurement teams find you.
- **The partnership route:** teaming with certified US small and diverse businesses gives your offering access to set-aside and diversity channels legitimately, while giving your partner capability and scale. Structured well, it is the fastest credible path into diversity-driven supply chains, and it builds the US relationships an entrant needs anyway.

06 / ACCESSING THE GOVERNMENT MARKET

Government at every level buys from foreign-owned US subsidiaries every day, within rules worth knowing before you invest.

- **Register the US entity:** federal work requires SAM.gov registration with a UEI for the American entity; states run their own vendor systems, such as Florida's MyFloridaMarketPlace. Registration is free, and unregistered companies are invisible.
- **Know the sourcing rules:** federal purchases apply domestic sourcing and trade-agreement rules to products, and some defense and security work is closed to foreign-controlled firms without special arrangements. Services businesses face fewer product-origin issues; product businesses should map their supply chain against the rules early.
- **Start state and local:** as with domestic small businesses, state and local government is often the accessible entry lane: closer buyers, shorter cycles, and vehicles a new US entity can realistically pursue, building the past performance federal buyers later ask for.
- **Team first:** subcontracting to established primes lets the new entity earn US past performance while the compliance footprint matures. Prime later, on evidence.

07 / A PHASED ENTRY ROADMAP

Months 0 to 3: Foundation

- Select the state and entity form with US and home-country advisors aligned; form the entity; appoint the registered agent.
- Obtain the EIN; complete beneficial ownership and state registrations; execute governance documents.
- Open banking; establish the US address, phone, and insurance.

Months 3 to 6: Operating capability

- Stand up accounting, payroll, and sales tax processes; calendar every filing obligation with a named owner.
- Hire or engage the first US-facing team; localize contracts, terms, and marketing for the American buyer.
- Register in the vendor systems of target corporate and government customers.

Months 6 to 12: Market traction

- Pursue first commercial engagements; open teaming conversations with established and certified US partners.
- Enter the state and local government lane where your offering fits; respond to market research notices to become visible.
- Close year one cleanly: every federal and state filing on time, including related-party reporting. A clean first year is a commercial asset.

08 / CHOOSING YOUR US ADVISORS

Entry fails through gaps between advisors as often as through bad advice. Look for three things: a coordinating advisor who owns the sequence end to end, so formation, tax, banking, and market access connect instead of colliding; credentials that match the work, including federally licensed tax representation for the obligations that carry the sharpest penalties; and honesty about scope, meaning an advisor who tells you plainly when a question belongs to immigration counsel, securities counsel, or your home-country tax team. The advisor who claims to do everything is the one to avoid.

ABOUT CONNECTIVE BUSINESS SOLUTION

Connective Business Solution is a Business Performance and Advisory Firm based in Orlando, Florida, led by a federally licensed Enrolled Agent and IRS Authorized e-file Provider. We guide international companies through US market entry from formation and tax foundations through supplier registration and government market access, and we advise from experience: our firm completed every registration, certification, and competitive contract pursuit described in this guide for itself, including two State of Florida term contract awards. This guide is general information, not legal or tax advice for any specific situation.

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