

Starting a U.S. Business

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Citizens and residents of other countries may incorporate in the United States through the standard incorporation procedures set forth by each state. The main benefit of incorporation is that your personal assets are protected from civil liability for acts of the corporation. The corporation is a separate entity from its individual shareholders, or owners, and therefore has its own liabilities, responsibilities and tax identification number.

Choosing a form of business entity. There are a variety of business entities that one may form in the United States: sole proprietorship, partnership, limited liability partnership, limited liability corporation or corporation. The tax and legal implications of each vary considerably, and some states do not allow for creation of LLCs. To understand these business forms thoroughly, you should consult with a U.S. accountant and attorney.

Choosing where to incorporate. Most companies incorporate in the place in which they do business and have their office.

Fees and taxes. If you choose to incorporate in another state, then you must pay state fees to do business in any state you have an office in. Therefore, if your business is in Nebraska and you incorporate in Delaware, your Delaware corporation will have to pay state fees and register to do business in Nebraska. This is called state registration of a "foreign corporation." This sounds like it refers to a corporation created outside the United States, but it actually refers to a corporation created outside of that state.

Much is said about the benefits of incorporating in other states, and some, such as Delaware and Nevada, have benefits in some situations. You should be sure that wherever you pick, it aligns with your business and its goals. For example, if you incorporate in Delaware, you can take advantage of their laws that are very beneficial to corporations; however, you also get their yearly franchise tax. This can be a very large sum of money depending on your share structure.

Office and agent for service. Your company must have a physical place of business and agent for service in the state in which you incorporate. If you do not wish to open an actual office for your business, you can often use the address of your lawyer's office or the incorporation service for both your business address and the agent for service, and then the lawyer can forward your mail to you abroad.

Incorporating. You can find out each state's requirements for incorporation by looking up the website for that state's secretary of state. On most states' websites, they have forms posted for incorporation and a short description of the type of business entities corporations available in that state as well as links

to the state's statutes which govern the various corporate legal entities. You can also use an incorporation service or an attorney to draft and file the papers on your behalf.

Exporting. Be aware that if a U.S. corporation is giving information or technology to persons who are not U.S. citizens--for example, employees or customers--the corporation is subject to export regulations of the U.S. departments of state, commerce and defense. The Web sites of each department have export information, and there are private sites like www.txm.com.

Note: The information in this column is provided by the author, not Entrepreneur.com. All answers are general in nature, not legal advice and not warranted or guaranteed. Readers are cautioned not to rely on this information. Because laws change over time and in different jurisdictions, it is imperative that you consult an attorney in your area regarding legal matters and an accountant regarding tax matters.

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