

US Expansion Services

For many UK businesses, the most confusing part of US expansion can be understanding the US tax system. Our team of dual-qualified tax professionals are here to help businesses get to grips with the US tax system, understand their filing obligations and successfully grow their business in the US.

We work with a range of transatlantic businesses and help them remain compliant with required federal and state tax filings, proactively manage their US permanent establishment and state nexus exposure, and introduce our key network contacts, at the right time, to help with the next step in the business' US expansion.

Signs a UK business has started a US Trade

1. While reviewing the Sales Ledger you notice the UK business has revenue from a US customer.
2. A client has requested the UK business complete a Form W-8BEN.
3. The travel expense ledger includes growing expenses related to travel to the US, particularly by senior or key employees.

The US expansion journey

For many UK businesses the US represents a huge untapped market and, through the use of modern technology, engaging US-based customers is easier than ever. In fact, many UK businesses which provide services digitally may have already engaged a customer in the US and begun their expansion without realising.

In our experience, UK businesses evolve through three stages of expansion into the US market:

1. That first US customer

A UK business engages an initial US-based customer which helps them realise the potential value of the US market.



2. Driving US growth

The UK business begins sending people to the US on business trips and servicing US clients with US-based contractors.



3. Incorporating a US subsidiary

To protect the UK parent from US tax exposure, and to help the US business operate, the UK business incorporates a US Corporate Subsidiary.



The US Tax System

US Corporation Tax is imposed on the profits of all US corporations, and any non-US corporations engaged in a US Trade. A non-US corporation is deemed to be engaged in a US trade when the business is conducting considerable, continuous and regular economic activity within the US.

The US/UK tax treaty offers protection from US Federal Corporation Tax for UK businesses engaged in a US trade, as long as the UK business does not maintain a permanent establishment in the US. However this protection does not extend to state corporation tax.

A permanent establishment is clearly defined in article 5 of the US/UK tax treaty, which includes a place of management, a branch, or office, but can also be created by a key individual who is physically present in the US.

When it comes to US tax, there are three distinct systems which are relevant to any UK business expanding into the US market.

1. Federal Corporation Tax - Federal Corporate Tax is applied to the net taxable profits of the business at a flat rate of 21%.
2. State Corporation and Franchise Tax - Each state imposes its own Corporation Tax rules, on the proportion of the businesses income attributable to that state, at rates from 0% to 8.85%. Some states also impose an annual Franchise Tax, which is a charge to the business for the privilege of maintaining a legal entity within its borders.
3. State Sales and Use Tax – A transaction tax imposed on the purchase price of certain goods and services delivered into the state. This is the closest equivalent to the UK's VAT system.

How we can help

We are able to help businesses with the following services:

- US Federal and State Corporation Tax filings of UK businesses conducting a US Trade, or the US subsidiaries of UK Parent companies
- US Employer Identification Number (EIN) Applications
- US tax analysis of a proposed structure with suggestions to optimise US tax position
- Helping employees and founders move to and from the US

We do not help with the following, but have a network of trusted partners we work with regularly who can assist:

- US sales tax
- US company secretarial and corporate governance
- US virtual office and mail services
- US payroll and HR services
- US entity incorporation
- US bookkeeping and US GAAP accounting
- US immigration

For more information on US expansion, please click the links below or scan the QR codes.



[US Expansion webpage](#)



[B-Rave Business Podcast - Expanding from the UK to the US](#)



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