



Exporting in a shifting world-4th Export USA Forum

AMERICAN-HELLENIC CHAMBER OF COMMERCE

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Presented by: Dr. Chris Holidis, President,

C & J Global Consultants LLC

The top portion of the slide features a close-up, slightly blurred image of the United States flag, showing the stars and stripes. The flag is positioned in the upper left and right corners, with the stars on the left and the stripes extending towards the right.

Doing business in the USA

-The United States (US) is the largest, most competitive and technologically advanced economy in the world.

-The US is the world's largest market and it has the world's largest private sector. It also has:

- * access to global supply chain, which can lead to exports for other markets**

- * a strong rule of law**

The top portion of the slide features a stylized American flag with stars and stripes. Below the flag, the title "Researching the US market" is written in a bold, black, serif font and is underlined.

Researching the US market

- You should do as much market research and planning as possible before starting to sell your products and services in the US using both desk research and visits to the market.**
- Good planning is essential as this will protect you from litigation and product liability exposure.**
- Litigation is best avoided by getting a good understanding of US commercial standards and tailoring your company's practices to those standards.**



Researching the US market

-To avoid product liability exposure you must:

***assess US government requirements, voluntary standards and industry practices for your product**

***evaluate your existing internal processes for product development and safety, incident reporting and investigation and response**

***insurance coverage**

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Researching the US market

-The US is not a single national market; it is a federal system. You must treat each state as a separate entity with its own procedures. You need to determine the implications of developing your business in a specific state, or whether national entry is possible for your product or service.

-You need to determine whether:

- * there is a market for your product or service**
- * your pricing is competitive**
- * you need to localise your product**

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Getting started in the US market

-There are a number of options to enter the US market:

***Using local representation to export to the USA**

Establishing local representation can be a good way to test the market on a short-term basis. You will need to find the appropriate partner(s), taking into account whether you are planning to sell to specific US states or the entire country. Direct sales through local representation involves collaboration with a US-based:

***agent or representative**

***distributor or dealer**

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Getting started in the US market

- You must ensure you're aware of the differences between these options and whether exclusive arrangements work best or not.**
- You should carry out due diligence checks on your representative.**
- You should take and keep the initiative in drafting contracts and non-binding summaries of key terms, or 'letter of intent' with your representative to ensure a good contract.**

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Getting started in the US market

-Sales through a local branch or subsidiary in the US.

-Establishing a US subsidiary or trading company is the best choice for a long-term commitment to the US market as it gives control over your brand.

-Businesses need to consider:

***how close they need to be to customers**

***where to locate for tax purposes**

***where to find appropriately skilled employees**

***which time zone suits their business**

The background of the slide is a stylized American flag, with the stars and stripes visible. The title 'U.S. Tax Systems' is centered at the top, underlined.

U.S. Tax Systems

- The United States is a federal republic, where we have: Federal, State, and Local Taxes.**
- At the federal level, there is income tax, including corporate and personal income tax.**
- Categories of taxable income: capital gains, dividends, interest and royalties, and on partnership profits.**

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U.S. Tax Systems

-At the state level, there are, in most states, similar taxes as the above federal ones; and sales and use taxes.

-Some counties and cities have their own tax regimes, e.g., income and business taxes and property taxes.

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U.S. Tax System

-The USA enters into international agreements-income tax treaties” for the purpose of avoiding double taxation, and GREECE is one of them.

-Those income tax treaties apply to U.S. federal income tax.

-State & Local Taxes are not covered by income tax treaties.

-State Taxation is an important factor when selecting the State you wish to do business in.

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Branch, LLC or Corporation

-When investing in the USA, you need to examine:

a. whether you should function as a U.S. branch of the foreign company, or

b. as a separate U.S. legal entity (like a corporation or LLC) organized in one of the states in the U.S.A.

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Branch, LLC or Corporation

-If you intend to market your products or services in the United States the formation of an American corporation is the best avenue to use for tax purposes.

-For small size companies, a LLC is the most common formation used:

- a. it has simpler accounting requirements,**
- b. less costs involved, and**
- c. limited liability to owners.**

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State Corporate Income Tax

-Nearly all U.S. States have an income tax on corporations, which range per state from around 1% to around 10%.

-The average rate is close to 4.5%.

-The paid taxes can be deducted on the corporation's U.S. Federal income tax return

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State Sales and Use Taxes

-Many states and municipalities collect “sales taxes” on retail sales and “use taxes”, with different rates in effect from one location to the next.

-If the company is not doing business in a particular U.S. state, it is usually not obligated to collect sales tax on sales within that state.

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The Tax Cuts and Jobs Act

- It has several benefits that specifically target businesses:**
- Under Section 179, business can deduct a substantial amount of the purchase cost on qualified business property.**
- Under the new law this amount has doubled to \$1 million of qualified capital equipment and retail software.**

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New Opportunities for Pass-Through Entities

- **Pass-through entities such as LLC, sole proprietors, and S corporations have an additional deduction of up to 20%, allowing these entities to be taxed at a rate similar to the new corporate rate of 21%.**



Thank you