

# Fairfax County Economic Development Agency

Focus on the Future – Prospects for UK/US  
Business



**YOUR** WHOLE LIFE VISION

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7 July 2009

# Accessing US Markets

- Introduction
- Preparing the ground
- Business structures
- Accounting and taxation
- Finance
- Business support
- Conclusions

# Introduction

USA is a huge and strategically important market for products and services with global application but....

- WHY?
- WHY NOT?
- WHEN?
- HOW?
- WHERE?
- WHO?

Careful planning, risk management and resourcing is required

# Preparing the ground

- Market research – market size, competition, regulation, technical, pricing, communications, transport
- Proven UK business model?
- Sound UK finances?
- Competent management?
- Competent advisors?
- Immigration requirements
- Risk appraisal – likelihood / impact

# Business Structures

- Exporting from UK
- Technology Transfer – own / licensed
- Contract manufacture
- Independent agents
- Dependent agents
- Permanent Establishment
  - Branch
  - Partnership
  - Corporation (independent / subsidiary)

# Accounting and taxation (1)

- Basic financial record keeping
- Management reporting
- Periodic tax returns – sales tax, corporate income tax (State and Federal)
- Annual accounting and audit
- US GAAP v IFRS / UK GAAP
- Cash transactions > \$10,000
- Foreign corporation reporting – Form 5472 (related party)

# Accounting and taxation (2)

- Federal taxes – corporate income tax, social security, unemployment tax
- State taxes – corporate income tax, property, sales tax
- Import Duties
- Royalties, interest, dividends – Double Taxation Treaties
- Transfer pricing

# Accounting and taxation (3)

- Corporate income calculations – similar to UK, some exceptions (e.g. entertainment)
- Domestic Production Activities deduction – 9% of taxable income from qualifying activities
- State income tax deduction
- Federal rates 15% ->38% ->35%
- Fiscal year filing; 15<sup>th</sup> day of 3<sup>rd</sup> month after; 6 month extension
- Payments on account

# Finance

- Adequacy of UK funding / scenario planning
- Access to local finance
  - Banks
  - Leasing
  - Security
  - Trade credit (suppliers)
- Grants – UK, US (state / county)
- Currency risk \$ v £

# Business Support

- UKTI – UK and US
  - International trade advisers
  - Tradeshow Access Programme
  - Overseas Market Intro Service
  - Export Marketing Research Scheme
  - Passport to Export
  - Gateway to Global Growth

# Business Support

- British American Business
- Legal firms / networks
- Accounting e.g. international networks (IAPA, HLBI etc)
- Economic Development Agencies
- Small Business Administration programme
- US Embassy

# Conclusions

- Research
- Planning
- Resources
- Execution
- Review



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