

Doing Business in America

US Market Entry – Tax, Legal & Operational Pitfalls

Please kindly note – all information provided in this presentation was accurate as of 22nd October 2026. For clarity on any tax changes or new legislation updates, please contact our experts on slide 3 directly.
Thank you.



Agenda

- ✓ Entity structure risks
- ✓ Federal vs state tax complexities
- ✓ Sales tax obligations
- ✓ Payroll and hiring requirements
- ✓ Permanent establishment risks
- ✓ Consequences of poor initial decisions

Introductions



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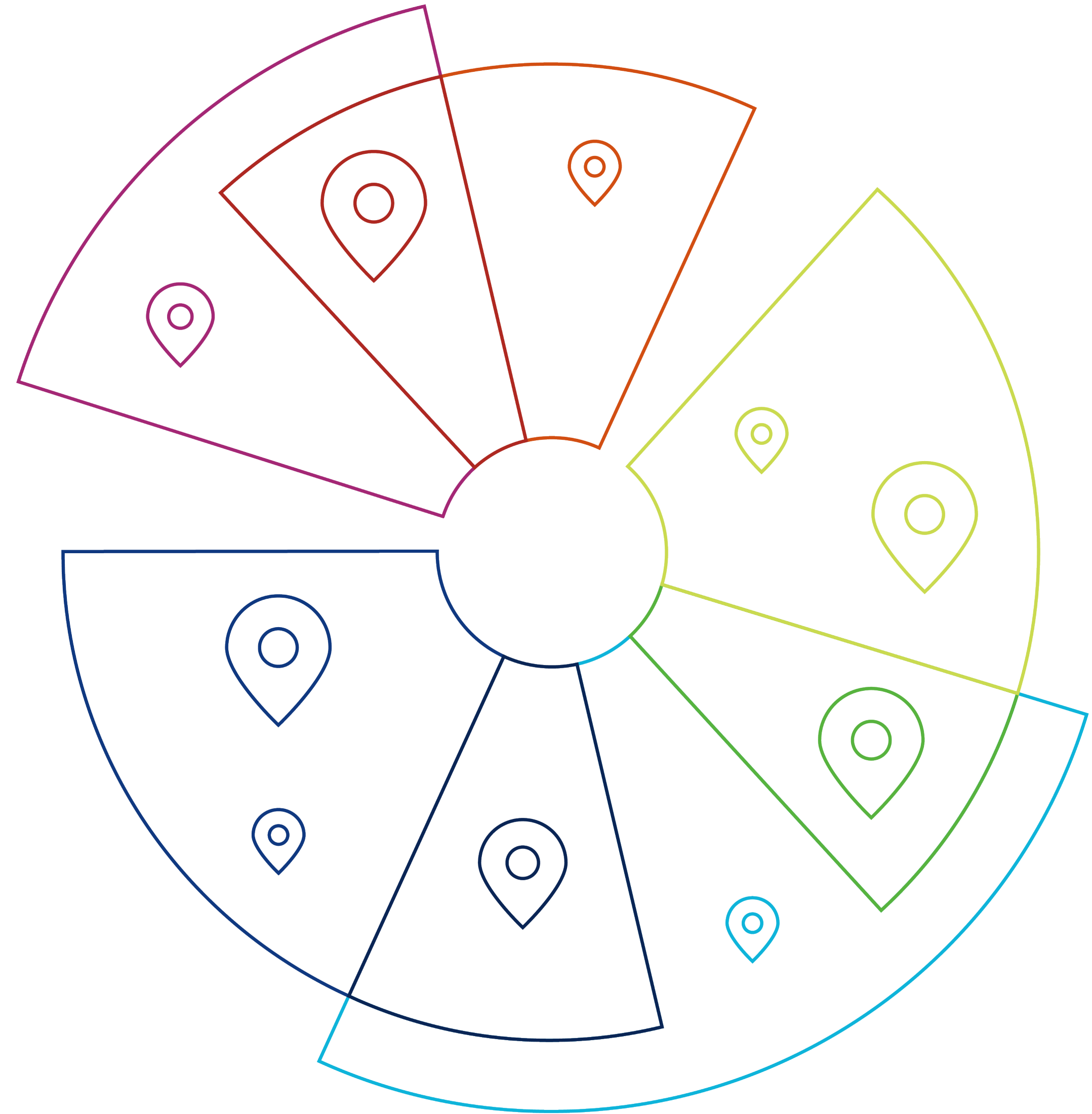
Who are PKF Global?

With Gavin West



Proudly part of the PKF global family

Our independent member firms
collaborate openly and move rapidly
to inspire confidence in you. To open
up your world to possibilities for growth.



Who is PKF O'Connor Davies?

With Leo Parmegiani



PKF O'Connor Davies

Accounting & assurance

- Accounting and outsourcing
- Agreed-upon procedures (AUPs)
- Audits, reviews and complications
- Elite accounting services
- Employee benefit plans
- International Finance Reporting Standards (IFRS)
- IT audit and cybersecurity reviews
- Public Company Accounting Oversight Board (PCAOB)
- Public sector audits and compliance

Advisory services

- Bankruptcy and restructuring
- Centre for private business owners
- Cybersecurity and privacy advisory services
- ESG services
- Family advisory services
- Forensic litigation and valuation services
- Management consulting services
- Peer review services
- PPP review services
- Risk advisory services
- Technology advisory services
- Transactional and financial advisory services
- Wealth services

Tax compliance and planning

- Employee benefit planning and tax compliance
- International tax services
- IRS representation and tax controversies
- Personal financial planning
- Private client / Business owner services
- Private foundation services
- State and local tax (SALT)
- Tax compliance and reporting
- Tax research and strategic planning
- Tax-exempt organisations
- Trust and estate planning

Family office services

- Accounting and reporting
- Advisory
- Charitable giving
- Family advisory services
- Investment monitoring and oversight
- Lifestyle support
- Personal financial management
- Tax planning
- Wealth planning

PKF O'Connor Davies

Extensive national representation.

Essential international reach.

Our renowned client service is available on a global scale, thanks to our leadership in the PKF International Network of accountants and business advisory advisors, ensuring expertise wherever you take your operations and wherever you envision your growth.

Whether our clients need entry to overseas markets, assistance deciphering foreign tax codes or an international business valuation, their engagement team serves as a liaison to:

- Member firms with offices in over 400 cities
- Located in 150 countries

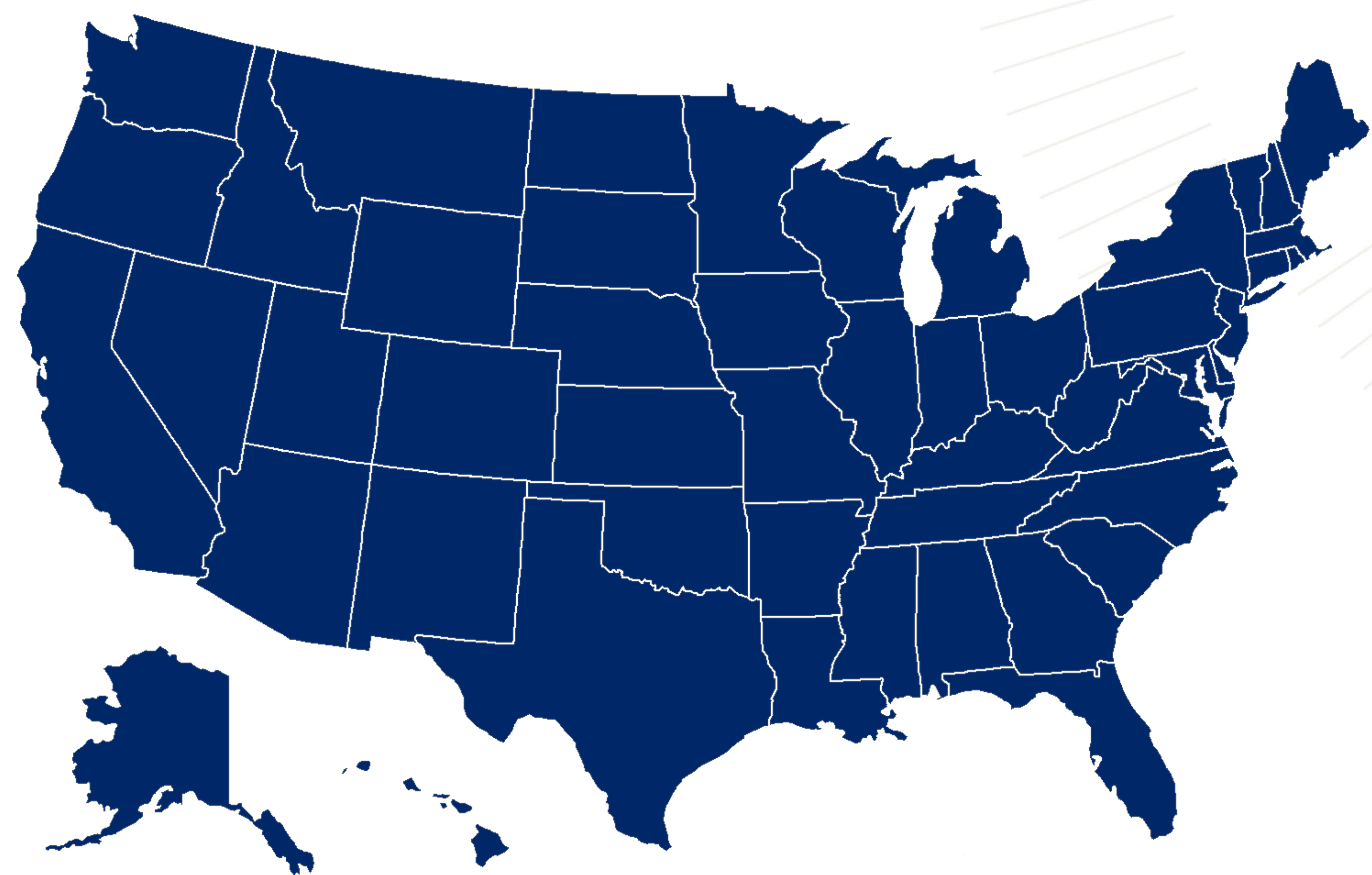
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With over 200 Partners and more than 1,700 professionals operating out of our office locations, we possess the resources to deliver the focused personal attention that many larger firms cannot.

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- Shelton, CT
- Stamford, CT
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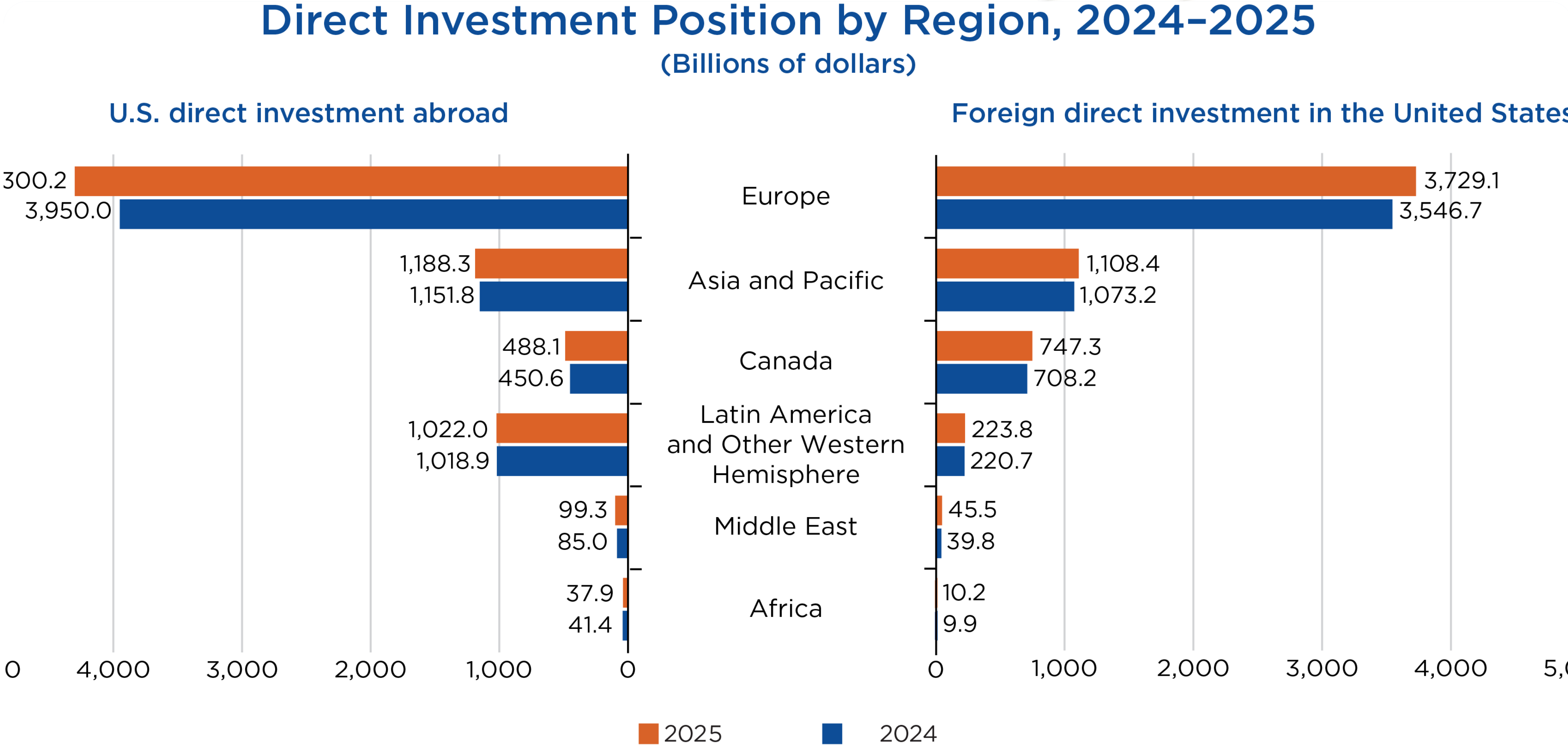
US Market Highlights



UK Investment in US

With Evgenia Belyavskaya

U.S. Cross-Border Investment: A Regional View



Bureau of Economic Analysis

4th largest investor in US

1. JAPAN
\$776.3bn

2. The Netherlands
\$751.8bn

3. Canada
\$747.3bn

4. United Kingdom
\$738bn

Why the US, and why now

- AI-led capital investment keeps US growth above peers
- Permanent 100% expensing and restored R&D deductions reward building onshore
- Deepest, most liquid capital market in the world
- Tariffs reshuffled: IEEPA duties struck down (20 Feb); s.122 surcharge expired (24 Jul); s.232 remains on UK steel, aluminum (25%) and cars (10% in quota)
- Energy shock and Middle East conflict
- High US cost base: wages, litigation, compliance

Structuring Lense

Tax exposure

Liability

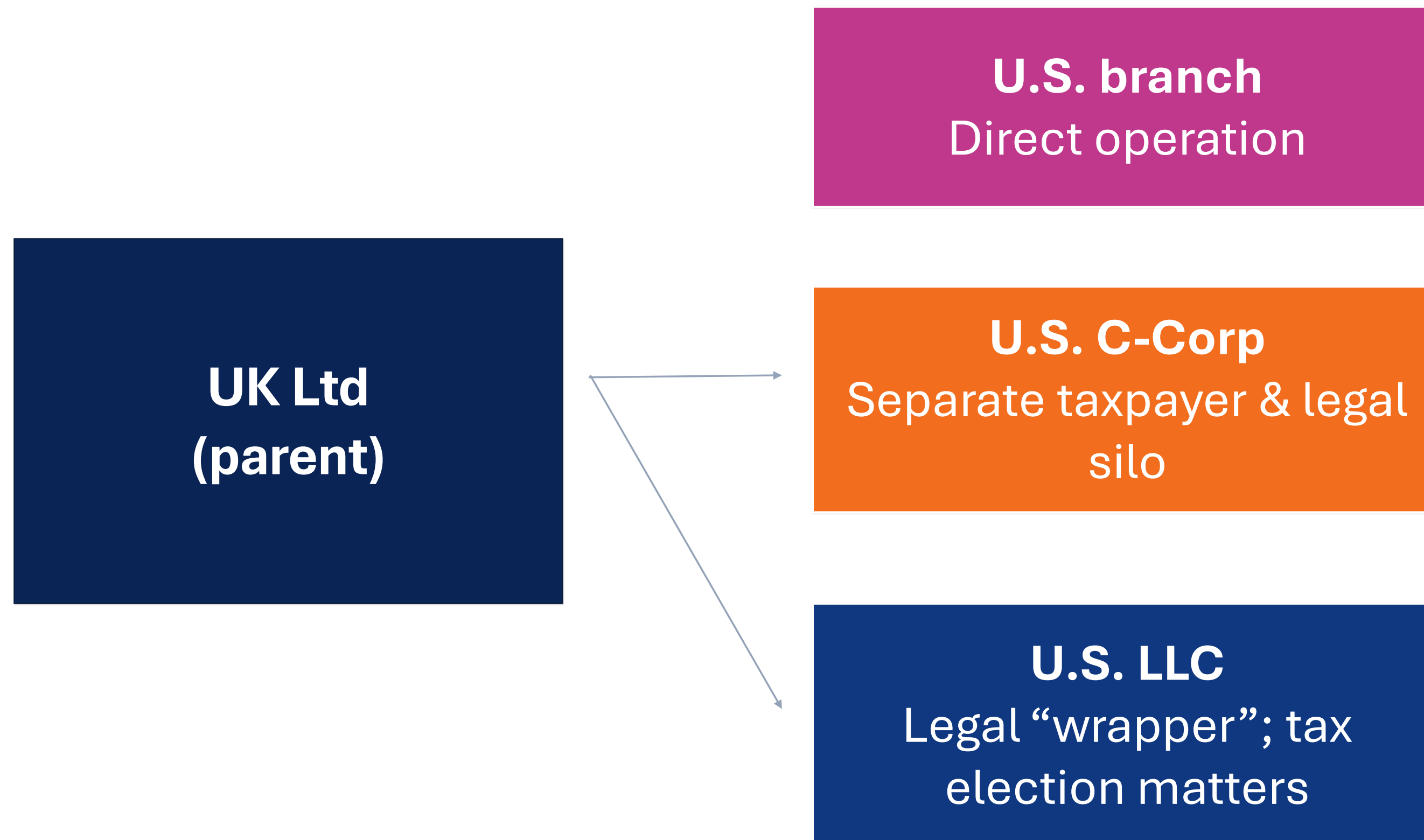
State footprint

Funding

Cash extraction

Exit investors

UK entity options



Before you launch

General risks that apply to nearly every structure:

Funding & cash

- Debt/equity mix, withholding, treaty access and repatriation should be modelled early.

People & contracts

- U.S. employees, services or signing authority can create a U.S. tax / filing footprint.

Federal ≠ state

- Delaware incorporation does not avoid foreign qualification or taxes in operating states.

Intercompany flows

- Services, IP, loans, inventory and management charges need arm's-length support.

UK entity options

Structure-specific traps: branch vs C-Corp vs LLC:

Branch

UK parent directly exposed; Form 1120-F / protective filings; possible branch profits tax; BOI may apply if foreign company registers.

C-Corp

Cleaner liability silo; manage Form 5472, transfer pricing, state registrations and parent/substance separation.

LLC

Default U.S. disregarded treatment can clash with UK classification; foreign-owned DE may need pro-forma 1120 + 5472.

Entity structuring risks

Limited Liability Company (LLC) vs C Corporation

- U.S. federal tax treatment
- UK/U.S. classification mismatch
- Who pays U.S. tax
- Repatriating profits
- Hybrid mismatch rules
- U.S. tax compliance
- Intercompany charges
- State taxes

Federal vs state tax complexity

Foreign companies often plan only for federal tax.

But states can impose:

Income tax

**Franchise
tax**

**Gross
income tax**

**Reg
obligations**

Nexus rules differ by state.

Physical presence is no longer the only trigger.

Employees, contractors, inventory, or even revenue thresholds can create filing obligations.

Sales tax obligations in 46 states

U.S. sales tax is state-based, not federal.

Rules vary dramatically by jurisdiction. Economic nexus rules mean:

- you do not need physical presence to trigger obligations
- online sales alone may create exposure

Technology/SaaS taxation varies significantly by state.

Marketplace facilitator rules create additional complexity.

Backdated exposure can include:

- tax
- penalties
- interest

These liabilities often cannot simply be passed on to customers retroactively.

Personal liability of shareholder!

Payroll and hiring requirements

Payroll registration is state-specific.

Employers may need:

- state payroll tax accounts
- unemployment insurance registration
- workers' compensation coverage
- benefits compliance

Independent contractor classification is heavily scrutinized.

Immigration/work authorization issues can arise for transferred employees.

“Test the market” mistake

Personal liability of shareholder!

Permanent Establishment (PE) Risks

UK companies often assume: “We don’t have a U.S. company, so we’re not taxable.”

Activities that may create PE risk:

- employees
- dependent agents
- executives
- sales personnel

Examples:

Negotiating contracts in the U.S.

Repeated business travel

Warehousing or inventory

U.S.-based decision making

Importer of record*

The Cost of Early Mistakes

“The consistent theme across all of these issues is that remediation is almost always more expensive than planning.

We regularly work with businesses that are highly successful commercially in the U.S., but are forced into costly restructuring projects because foundational decisions were made too quickly or without coordinated cross-border advice.

The good news is that most of these risks are manageable with early planning and alignment between tax, legal, and operational advisors.

The U.S. market offers enormous opportunity — but entering it thoughtfully is critical.”

Conclusion

With Catherine Heyes

UK Tax Update: US LLC Reform

- UK and US tax treatment of LLCs does not currently align.
- Consultation in 2026 to address double taxation arising from the mismatch.
- Greater certainty and improved tax outcomes for UK-resident investors using US LLC structures.
- Final legislation and scope of application, particularly whether relief is extended beyond individual investors.
- The UK is moving towards a more investor-friendly approach to US LLCs, but detailed implementation remains awaited.

Top 10 Mistakes

Successful US expansion is rarely held back by the market opportunity. It is often held back by avoidable tax, legal and operational mistakes made at the outset;

- Choosing the wrong entity structure
- Ignoring state taxes
- Assuming no physical presence = no tax
- Delaying sales tax registrations
- Hiring staff before planning
- Misclassifying contractors
- Overlooking PE exposure
- Poor intercompany documentation
- Failing to plan cash repatriation
- Taking advice too late

US Market Entry Success Framework

Plan early. Structure correctly. Register appropriately. Scale confidently.

- Structure
- People
- Taxes
- Cash
- Governance

Coordinated advice across tax, legal and operational disciplines typically costs a fraction of the expense involved in correcting problems after the business has established a US presence

Q&A

With all our experts

Thank you

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