



# WHY EVERY INTERNATIONAL BUSINESS NEEDS A TAX FREE LLC

Mundo Offshore is pleased to announce we have become the official partner and representative of James Baker who is a licensed accountant and part of a top legal team of lawyers, CPAS and tax advisers. Together our team of experts has developed a unique product which provides efficient banking solutions together with global asset protection in the following unique Package:



### Silver Package

A zero tax (look through) united states LLC with bank account



### Gold package

a zero tax look through LLC with bank account owned by a Nevis trust



### Platinum package

A zero tax look through LLC with bank account owned by Nevis trust where the banking relationship and tax filings are personally attended to by James's team

## Compare our packages

Tax Free USA Formation Packages (No Travel)	Silver	Gold	Platinum
US Entity Registration			
Registered agent and legal registered office			
US Mailing Address			
Tax (EIN) Registration fees			
Chase Corporate bank account opening (without travel)			
Owner US Tax ID			
Open US Merchant Accounts (Paypal, Stripe)			
Trust deed and registration in Nevis			
PTC (private trust company in Nevis) where you or your nominees are the professional director			
Assistance with bank account dealings			
Accounting			
First Year Tax Compliance			



# Why a U.S. Company?

With a constantly evolving global marketplace, the ability to adapt is more valuable than ever.

With a US LLC an international business can invoice its clients from any part of the world without any U. S. tax consequences. Additionally, a U. S. bank account allows businesses in countries with less stable currencies to keep their funds in USD.

With minimal annual reporting requirements and a low cost to open and maintain, a U.S. LLC is the perfect addition to any global business.

## Here are some reasons why

- 1. No US Tax Liability:** A foreign owned and operated LLC does not have to pay income taxes in the United States. As long as an LLC with a foreign owner does not have an office or employees in the US, and does not physically do business within the U. S.; there are no taxes to pay in the United States.
- 2. No withholding taxes:** There are no withholding taxes imposed on any type of payment. If the owner is taking a distribution or payments are being paid to providers in another country, there is no reporting or tax withholding due to the IRS.
- 3. Access to U. S. bank accounts and USD:** While banking in the United States is not perfect, there are some benefits. International wires are generally processed very quickly. Payments into the account are processed with no issues. And a business checking account at JP Morgan Chase Bank has no fees if you keep the account balance above \$1,500.
- 4. Access to U. S. based payment processors:** Some of the top payment processors globally like Stripe and Square only work with US bank accounts. Stripe in particular is one of the best and most reliable payment processors for many online businesses.
- 5. Legal protection:** The owners of the LLC, called members, are protected from some or all liability for acts and debts of the LLC. If an LLC takes out a loan to expand the business and the business is unable to pay the loan, the member will not be liable to pay the loan back personally.
- 6. Flexibility in operations and ownership:** As mentioned above, with no income tax reporting and no withholding taxes, operating an LLC is easy. There are only two things to do per year, File Form 5472 and an annual report with the state. It is also simple to transfer or assign ownership to another person. LLCs are also subject to fewer regulations than traditional corporations, and thus allows members to create a more flexible management structure.
- 7. Low Cost to Maintain:** The only annual filing requirements include an annual report with the state and Form 5472 filed with the IRS. Because there is little to do each year to keep the company open the cost of maintaining this structure is very low.
- 8. The United States is not part of the CRS (common reporting standards)** and therefore the LLC is not subject to tax exchange information as well takes advantages of the privacy and bank secrecy laws of the United States. The combination with the trust ensures rock solid asset protection for the beneficiaries.





# What is an LLC?

A Limited Liability Company is a business structure that combines pass-through taxation with the limited liability of a corporation. First established in Wyoming in 1977, the US LLC was initially popularized in the 1990s. LLCs can be registered (opened) in each of the 50 states, however for our non-resident clients we typically recommend registering in Delaware for a variety of reasons.

**EXAMPLE** A simple example is that Juan is a Colombian citizen and resident who has a technology business in Colombia. He also has a US LLC that he uses for technical consultations. Because of local laws, most of the business done within Colombia passes through the Colombian company. However all of the clients in Peru, Panama, Spain, Chile and the United States, make

payments to the US LLC. These clients can pay with wire transfer and credit card and there are no issues. When funds are needed to pay the employees to deliver the services, funds are transferred from the US to Colombia via international wire and can arrive the same day. Payments to any providers outside of Colombia can be paid by the LLC without any issue.

This approach allows for easier receipt of international payment and reduced income taxes in Colombia.





# What are the most common uses for an LLC?

1

## **TAX FREE SUBSIDIARY (FOR A NON-RESIDENT)**

As mentioned above, US Non-Residents can operate an LLC without any income or withholding taxes to pay as long as they are not doing business in the U. S.

2

## **HOLDING COMPANY**

An LLC can be used to own real estate or other assets to provide additional anonymity and legal protection



### **How to make sure your LLC does not pay U. S. taxes**

LLCs are best used for international business that don't have a presence in the United States. A foreign owned LLC is only subject to US tax if it is "engaged in a trade or business in the United States", which only applies if any of the following are true:

- The LLC has an office with an employee
- Representatives of the LLC (owner or foreign employees) enter the US to deliver services
- The LLC has at least one "dependent agent" in the US which are employees or companies that work for you almost exclusively, and the agent does something substantial to further your business as opposed to administrative work.

If you don't have an office or employees and don't deliver services in the US, you are not subject to US tax. Even if the LLC generates income in the US from US clients, the income is not taxed in the US.



### EXAMPLE 1

#### Foreign software company without us office or representative

A Mexican software company is performing security services for US clients. The business is based in Mexico and has no US office or sales agents. All sales are done over the phone or online.

The company can open an LLC to receive payments in USD, in a US bank account. Since the work is performed in Mexico and the owners are non US citizens/residents, who are not taxed in the US. Therefore, the LLC income is not taxed in the US as there are no offices or dependent agents in the US.

### EXAMPLE 2

#### Foreign “fulfillment by amazon” service provider

A foreign entrepreneur sells products into the US market using Amazon’s “Fulfillment by Amazon” service. All marketing and procurement is managed online by the non US citizen, who lives in Colombia. Products are ordered and shipped to Amazon’s warehouses, where Amazon employees package the products and ship to customers in the US.



In this case, Amazon is not a dependent agent but an independent agent that has its own business with millions of other clients. Amazon is not uniquely working for this foreign entrepreneur. Therefore the foreign entrepreneur is not “engaged in a trade or business in the US,” so he or she is not subject to US tax on income from selling products into the US.



### What if you eventually want to have offices and employees in the US?

For physical expansion to the US, the most recommended entity is a C-Corporation. A C-Corporation is taxed separately from its owners at a flat 21% rate by the IRS. All profit distributions (called dividends) made by a C corporation are subject to double taxation and US withholding taxes when paid to non-residents. The standard rate of withholding is 30%, but this can be reduced if there is a tax treaty between the US and the non-resident’s home country.

That said, it is popular to use an LLC in addition to a Corporation. The LLC can be used to manage foreign billing and certain projects, while the Corporation handles the sales and product teams. When planned properly, there are many benefits to having a Corporation and an LLC.





### **Can I work in the US if i own a corporation or an LLC?**

A foreign citizen can be a corporate officer and own an LLC, but may not work in the United States or receive a salary or compensation for services provided in the United States unless the foreign citizen has a work permit (either a visa or a green card) issued by the United States. When entering the United States on a tourist visa, the agents can review your phone and social media accounts to determine if you are coming to the US on business. Contact our immigration experts today to learn more.

### **What documents are needed to open an LLC and US bank account?**

None. We have a simple 2 page questionnaire that we use to open the LLC and the bank account on your behalf.

### **Am I required to keep accounting records?**

Yes, a foreign owned single member LLC is technically required to keep books and records available upon request.

### **Do I have to travel to the US to open the company bank account?**

We have the ability to open US bank accounts for nearly all new clients.

### **How long does it take to open an LLC?**

Processing times for registering an entity vary among the different states, but most Delaware companies are open within 5 days, and expedited processing is available.

### **What are the annual costs for keeping the LLC open?**

Every year the LLC must file an annual report, complete the filing of Form 5472 and pay the registered agent to use the address in the US. The total cost should be less than \$2,000 each year.

# How can I further protect my business from liability and lower my global tax expense?

Since an LLC's income is not subject to tax in the United States, it is common for other countries to impose a tax on the profits of the LLC to the owner.

Depending on the country, using an International trust as a corporate blocker is the perfect solution. For most of our clients the preferred IBC jurisdiction is The Nevis Trust. The Nevis Trust owner would be a member of the LLC.

In this situation the trust would be responsible for paying taxes on the LLC's income (hint: **Nevis trust tax rate on income earned outside of Nevis is 0%**).



## Tax free LLC application process

- STEP 1** After receiving the questionnaire, we register the LLC and acquire the company Tax Identification Number. — 1-2 Weeks
- STEP 2** Once step 1 is completed, the US Bank Account is opened. Login information and wire instructions for the initial deposit (\$1,500 is minimum balance required for no bank fees). 1-4 Days
- STEP 3** The Individual Tax Identification Number is requested by us on behalf of the non-resident owner or officer. This service is required in order to open a PayPal or stripe account, among other things — 3-5 Weeks
- STEP 4** After the required information is gathered, the IBC can be registered. Processing times and required information vary by jurisdiction. In Nevis the process takes 1-2 weeks.
- STEP 5** File annual report with Delaware. This must be done by March 1st of the year following registration and costs \$300. — Once a year
- STEP 6** File Form 5472 with the IRS. This form reports all transactions between the LLC and the owner (and related parties). There is no tax due with this form. The form must be filed by April 15th. — Once a year





## Our consultants

As international tax consultants, James and his team provide comprehensive tax planning services to international businesses and investors so they can pay less tax, protect their wealth and operate confidently in the United States. We value the privacy of our clients just as much as the quality of our tax advice.

In helping so many businesses expand to the US with an LLC or Corporation, James's team and Mundo Offshore have developed our own patent pending process. This allows us to open legal entities and bank accounts faster and with less information than our competition.

What differentiates and makes us such a highly recommended firm in the industry is the following:

- We specialize in advising and structuring international businesses and are based in Miami, Florida. We provide the knowledge and experience from years working with large national firms, but with prices and customer service of a smaller firm. Each client has the partner's contact information in case there are any questions.
- We are dedicated to helping our clients' businesses grow. Included in the package price, we act as agents for our clients and use our mailing address in Miami for all correspondence.
- Our legal team has years of specialization in these programs. We know the law, the rules and regulations and have excellent relationships with government and its regulatory agencies. With rules changing regularly and the complex nature of the work, it is important to have an expert you can ask questions to. Our team is happy to answer questions to ensure our clients are satisfied and operating correctly.





## Our Tax Free USA LLC Services

We provide our services in a package format to make delivery easier and faster for our clients.

The Silver package includes all of the basics required to open an LLC and start operations. The Gold package has the same items but also includes Trust formation. The Platinum package is the premium offering that includes everything that we offer. It is the most complete package and the best option for many businesses.



# What are the costs?

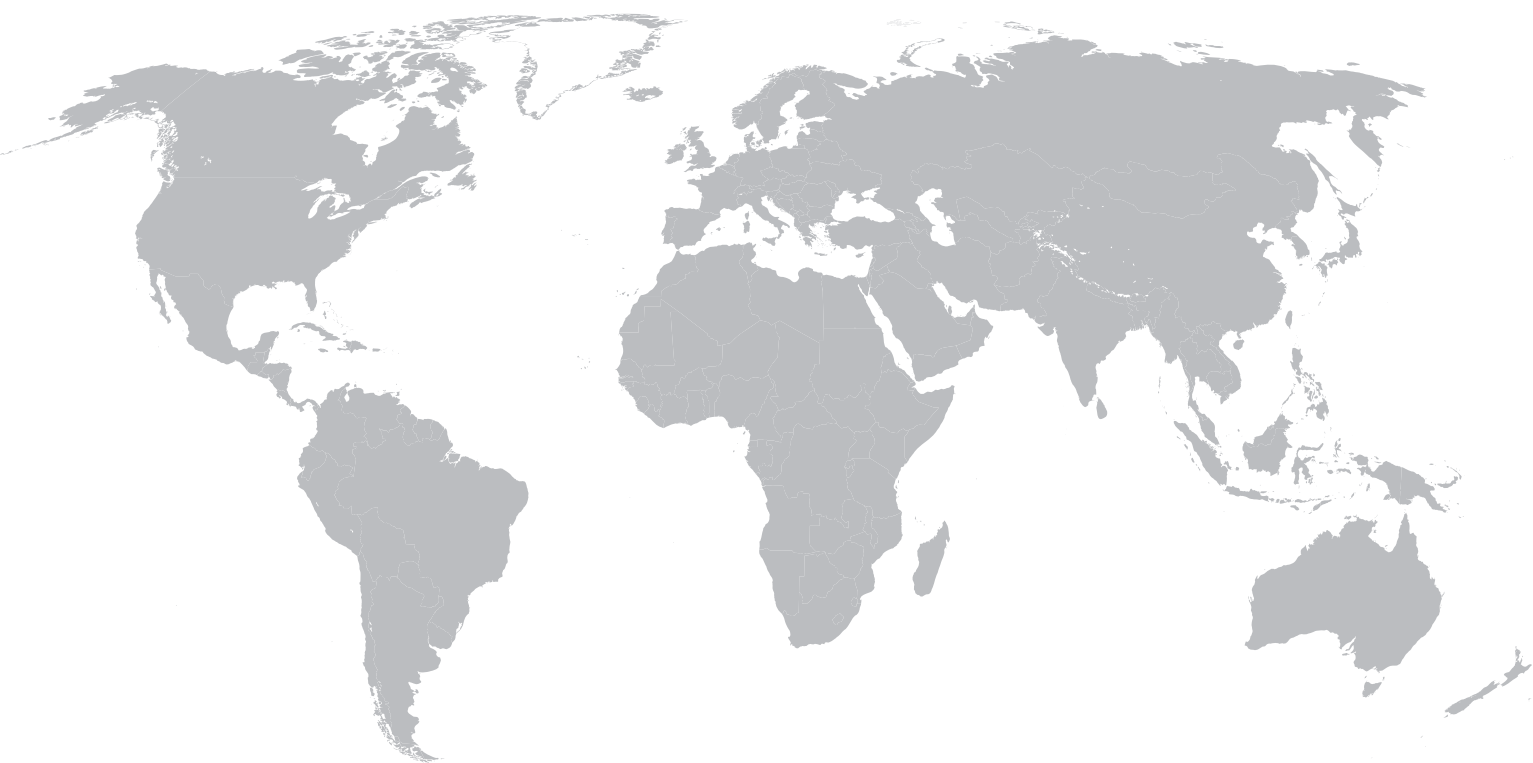
Because we focus extensively on foreign clients, we provide services that are more complete and thorough. There are other companies out there that can register an LLC for a low fee, but that is only a small part of how we help.

If done properly, a US LLC can save hundreds of thousands of dollars in income taxes and be a gateway to profitable business growth.

If done incorrectly, you could receive penalty letters from the IRS's automated system. The penalties start at \$25,000!



That said, we have base prices for each package and in some cases a bit of room to offer incentives. Schedule a call with us today to learn more.



## CONTACTS:



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