

The United States can be your Global Financial Portal

Most financial experts agree that the United States is a great location for international business. The presence of good banks, advanced infrastructure, a consistent legal system and a stable government are all characteristics of the United States that are taken for granted.

However, many people do not realize the enormous tax benefits given to "non-resident aliens" making passive income in the United States, or earning income outside the United States and simply using the USA as their own personal international financial center.

The United States does not tax non-resident aliens for most interest income or dividend income derived from the United States. There is zero capital gains on profits from investments for non-resident aliens. There is zero tax on income earned outside the USA. Only active United States derived income is taxed. Also, various tax treaties give a United States company certain tax advantages when doing business outside the USA.

The Definition of "Resident"

One of the most important issues is that of maintaining a "non-resident" status. Unfortunately many people confuse the immigration definition of resident with the tax definition of resident.

Under the immigration laws of the United States, a resident is only someone who has been given a permanent residence visa. But under the tax laws a resident can also be someone who has maintained a "substantial presence" in the United States regardless of immigration status.

There is a formula that determines when someone meets the "substantial presence" test based upon the number of days they have been present in the United States for a given year and the two prior years. To be safe, the non-resident should stay in the United States no more than 182 days in any given year.

The "Pass Through" or "Disregarded" Tax Entity

The best way for a non-resident alien to take advantage of these tax benefits is to use the a "pass through" or "disregarded" entity. The single entity which I like to use is the US Limited Liability Company (US LLC).

A US LLC is an entity that has the same limited liability characteristics as a corporation, but the ease of management characteristics of a partnership.

If properly structured, the US Internal Revenue Service (IRS) views the US LLC as a "disregarded" tax entity. This means that the IRS disregards the existence of the US LLC and treats the income as if it were earned by the member(s) of the US LLC.

If there are two or more members of the US LLC it is treated as a partnership and must file a partnership tax return.

If the US LLC has only one member who is an individual then it is treated as a sole proprietorship. For a non-resident alien who is the sole member this means that the US LLC is disregarded by the IRS, and the income of the company is taxed at the more beneficial non-resident rates.

In fact unless the company earns active income derived from U.S. Source Income there is no reason for the US LLC or the non-resident to even file a Federal tax return.

Yet for all other purposes the US LLC will be treated as a "domestic" entity. As far as banks and other parties are concerned the US LLC is a US domestic entity.

There are many states in which you can form an LLC, but I currently suggest the use of a Delaware LLC. Delaware is the traditional jurisdiction of choice due to the fact that Delaware case law is more mature and developed than other states. However, in recent years, Delaware has further improved upon this advantage with aggressive statutory implementation that clearly and decisively makes Delaware the best US jurisdiction for company formation.

How can a US LLC Help You?

There are a lot of ways a non-resident alien can benefit by using a US LLC:

- With a US LLC and a US office location, it is easy to open and maintain bank accounts, brokerage accounts, etc.
- An investor looking to invest in stocks, bonds or other types of investments in the US will pay no tax on the income earned, and will also avoid withholding.
- Investments in U.S. real property can be done with no capital gains, and with careful treatment, no withholding.

- An investor can do business outside the USA since it will be outside the jurisdiction of the IRS, yet gain valuable tax reduction benefits that may accrue to U.S. entities.
- An investor may be able to reduce non-U.S. taxes since the U.S. has tax treaties often give very favorable treatment to U.S. entities. (An example would be the US LLC owns land or other property in a jurisdiction with a tax treaty with the US - this will often reduce capital gains to zero.)
- Some investors are able to obtain tax benefits by using "transfer pricing" strategies that transfer otherwise taxable income from a high tax jurisdiction to the no/low tax US LLC. (An example would be a non-U.S. buyer of goods and or services using the US LLC as a middleman for purely export purchases. As long as the US LLC avoids certain pitfalls there will be no taxes on income earned from such transactions.)
- Finally, it may just be a very nice way of protecting assets in a private and secure manner by simply depositing funds into a US bank account, brokerage account, or insurance policy.

Simple Yet Flexible Solutions

When setting up the US LLC there are many ways to structure the entity to maximize asset protection, legal tax reduction, and privacy.

For the US LLC, in order to maintain the “disregarded” tax treatment there can be only one owner. The easiest way to do this is to name the client as the sole owner. There are many advantages to being named as the sole owner, but privacy may not be one of them. Also, as the sole owner of the US LLC you may be legally required to declare and pay taxes on the income of the US LLC in your home country.

To provide greater privacy, asset protection, and better tax treatment, I suggest that the client obtain an International Privacy Trust to own the US LLC. In this case the Trust will be listed as the owner of the company, not the client, and if the Trust is properly structured the client may be able to legally avoid paying taxes on the income earned by the US LLC and the Trust in his home country.

Please feel free to contact us if you would like to discuss these matters further.

NOTE FOR US CITIZENS/RESIDENTS:

There has been a growing number of individuals who reside in the USA or who are US citizens contacting us asking, “How can this system work for me?” It is possible to arrange the system in such a way as to give residents and citizens of the USA the same benefits as those described herein. However, it is very important that the system be established with great care. If you are a resident or citizen of the USA, and you are looking to establish a system that will allow you to use US banks while benefiting from non-resident status, please contact us for further information.

ORDER FORM

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CLIENT: _____

DATE: _____, 20__

ADDRESS: _____

BUS. PHONE: _____

FAX: _____

EMAIL: _____

OTHER: _____

I agree to retain Connex International Services LP to provide the following services:

SERVICE	COST OF SET UP	MAINTENANCE COSTS	TO ORDER PLEASE CIRCLE
<p><i>US Limited Liability Company with US Bank Account</i> Includes all necessary formation documents, EIN (federal tax number), the first year Annual Registered Agent and Office fees, and the first year Annual Nominee Manager fees. Includes a US small business bank account with online banking, checks, and debit card, etc.</p>	\$5,000.00	<p>Annual Registered Agent: \$500.00 Annual Manager: \$500.00 Annual Delaware Fee: \$250.00 (Paid to the State of Delaware)</p>	YES
<p><i>International Privacy Trust</i> Used to own the US LLC, the International IBC, or the UK Limited Partnership in order to provide greater privacy, asset protection, and tax benefits. Includes assistance in structuring of the trust in order to provide maximum benefits, certified trust documents, the first year Annual Trustee fees, and the first year Annual Protector fees.</p>	\$1,000.00	<p>Annual Trustee Fees: \$500.00 Annual Protector Fees: \$500.00</p>	YES
<p><i>International IBC</i> Often used as an additional layer of ownership to own the US LLC. Includes an International IBC (usually from Belize), the first year Annual Registered Agent and Office fees, and the first year Nominee Manager services.</p>	\$2,500.00	<p>Annual Registered Agent: \$1,000.00 Annual Director: \$500.00 Annual Belize Government Fee: \$100.00 (Paid to Belize)</p>	YES
<p><i>UK Limited Partnership</i> Often used to own the US LLC when there are more than one owner for the system. Includes the Limited Partnership Agreement and all necessary formation documents, first year Nominee General Partner fees.</p>	\$1,500.00	<p>Annual Nominee General Partner: \$500.00</p>	YES
<p><i>Latvian Limited Liability Company</i> The Latvian Limited Liability Company can offer many advantages to businesses that are looking to enter the European Market as well as other markets due to Latvia's membership in the EU, and the incredibly advantageous bilateral tax treaties that give Latvian companies extraordinary benefits. In addition, Latvia does not tax capital gains, dividends, or interest, and has a 15% flat tax on taxable income. Please note that this does not include establishing a bank account for the Latvian Limited Liability Company. This will involve additional expense and will vary according to the needs of the client. CONTACT US FOR MORE INFORMATION.</p>	\$3,000.00	<p>Varies according to use and circumstance. Contact us for more information.</p>	YES
<p><i>US Attorney Opinion Letter</i> An attorney opinion letter is a document addressed to either the client or an institution where the client is sending the letter verifying that to the best of the attorney's knowledge, the client is in compliance with the relevant law. This letter is often referred to as the "get out of jail free" card, at least in regards to US regulatory agencies. CONTACT US FOR MORE INFORMATION.</p>	\$2,500.00 +	<p>None</p>	YES

Preferred Name for the *US LLC* (e.g., ABC LLC):

Preferred Name for the *International Privacy Trust* (e.g., ABC Trust):

Preferred Name for the *International IBC* (e.g., ABC Ltd. or Corp., Inc., etc.):

Preferred Name for the *UK Limited Partnership* (e.g., ABC Limited Partnership, or LP):

I acknowledge and agree to the above fee arrangement:

X

CLIENT SIGNATURE

PAYMENT INSTRUCTIONS

- Print document and complete data in clear block letters. Then sign.
- Fax to Connex International Services LP at: 419-710-4339 (USA Number), or scan and email to companies@TaxHavenUSA.com.
- Upon receipt of fax we will send you an invoice with payment instructions and more information on formation procedures.
- Upon receipt of final payment we will confirm and complete the package with any additional details required as requested.

MISCELLANEOUS

1. Work foreseen in this agreement will include only the preparation of the paperwork, telephone calls, and shipping and delivery of documents.
2. This case is being accepted subject to review by supervising consultant. Upon review it may be declined. If declined, any fees accepted will be refunded.
3. The retainer is non-refundable and represents the minimum fee for accepting this case. Failure to keep account up to date may result in withdrawal of representation by consultant.
4. Client shall keep consultant informed of any changes of address and/or phone numbers.

5. Client must respond within a reasonable time to requests for information, documents, etc.
NOTE: This system may not provide immediately asset protection if there are prior creditors and liabilities. It would be best if the system was in place before such liabilities are incurred rather than after. Otherwise, there may be a time period before the transfers are safe from creditors, depending upon state laws and regulations. If you intend to sell certain real property, these systems may be inappropriate.