

Doing Business in the United States of America

Expert knowledge means success

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Introduction

The United States of America lies between Canada and Mexico and is bordered by both the North Atlantic Ocean and the North Pacific Ocean. It is the world's fourth-largest country and covers 4 time zones - 6 including Alaska and Hawaii.

Britain's American colonies broke with Britain in 1776 and were recognized as the new nation of the United States of America following the Treaty of Paris in 1783. During the 19th and 20th centuries, 37 new states were added to the original 13 as the nation expanded across the North American continent and acquired a number of overseas possessions. The two most traumatic experiences in the nation's history were the Civil War (1861-65) and the Great Depression of the 1930s. Buoyed by victories in World Wars I and II and the end of the Cold War in 1991, the USA remains the world's most powerful nation state.

In previous years, the economy has been marked by steady growth, low unemployment and inflation, and rapid advances in technology. However, the global economic downturn, the sub-prime mortgage crisis, investment bank failures, falling home prices, and tight credit pushed the United States into a recession by mid-2008. There are some signs of recovery at the time of writing.

The USA market comprises approximately 307 million people - around 4 per cent of the world's population - distributed over 50 states and 1 federal district. There are some differences in taxes and regulations between states and for this reason each state may need to be considered as a separate market for business purposes.

UK-USA Trade

The USA is Britain's largest single market and is the leading destination for British overseas investment. It has an integrated and largely self-contained economy and every major industry is represented. With the exceptions of a few import quotas and a few strategic industry ownership restrictions, there are no limitations on foreign firms seeking to do business in the US. The USA has federal laws applicable throughout the entire USA and state laws which are passed by individual states, both sets applying in the business world.

UK Trade and Investment publishes a report on specific export opportunities in the USA for registered users.

The USA is an attractive market to UK exporters and investors for the following reasons:

- Political and economic stability
- Shared history and culture
- Strong underlying relationships between the USA and the UK
- The UK is often seen in a favorable and positive light by most USA business people and consumers
- UK goods have traditionally enjoyed a good reputation for quality in the USA
- USA manufacturers often source components overseas
- Wider market access through NAFTA
- Active support at federal and state level for international investment.

The top exports to the USA from the UK have been:

- Machinery and transport equipment
- Chemicals and related products
- Mineral fuels, lubricants and related materials
- Miscellaneous manufactured articles
- Manufactured goods classified by material
- Beverages and tobacco
- Food and live animals
- Crude materials, inedible, except fuels
- Commodities and transactions not elsewhere classified
- Animal and vegetable oils, fats and waxes

The top imports from the USA to the UK have been:

- Medicinal, dental and pharmaceutical preparations
- Other petroleum products
- Passenger cars, new and used
- Crude
- U.S. goods returned, and re-imports
- Engines for civilian aircraft
- Artwork, antiques, stamps, and other collectibles
- Industrial engines, pumps, compressors & generators
- Parts for civilian aircraft
- Other precious metals

Source: U.S. Census Bureau – Foreign Trade Statistics



How to do it...

Many UK businesses seek to develop their US business through acquisition, merger and investment. As a general rule UK companies will need a US presence as a prerequisite to doing business. This can be through an agent, representative or joint venture partner. Whatever form it takes, the relationship should enhance the chances of building a viable business.

Industries

The USA is the leading industrial power in the world and has a highly diversified and technologically advanced industrial base. Its key industries include:

- petroleum;
- steel;
- motor vehicles;
- aerospace;
- telecommunications;
- chemicals;
- electronics;
- food processing;
- consumer goods;
- lumber and
- mining.

Economy

The economy of the United States is the world's largest national economy. Its nominal GDP was estimated to be over \$15 trillion in 2011, approximately a quarter of nominal global GDP¹. In this market-oriented economy, private individuals and business firms make most of the decisions, and the federal and state governments buy needed goods and services predominantly in the private marketplace.

USA business firms enjoy considerably greater flexibility than their counterparts in Western Europe, Japan and China in decisions to expand capital plant, to lay off surplus workers, and to develop new products. At the same time, they face higher barriers to entry in their rivals' home markets than the barriers to entry of foreign firms in USA markets.

USA firms are at or near the forefront in technological advances, especially in computers and in medical, aerospace, and military equipment. The onrush of technology largely explains the gradual development of a "two-tier labour market" in which those at the bottom lack the education and the professional/technical skills of those at the top and, more and more, fail to get comparable pay raises, health insurance coverage, and other benefits. Since 1975, practically all the gains in household income have gone to the top 20% of households. The global economic downturn, the sub-prime mortgage crisis, investment bank failures, falling home prices, and tight credit pushed the United States into a recession by

mid-2008.

Up-to-date market information on the US economy can be obtained from The Wall Street Journal at www.wsj.com and from CNBC/Dow Jones at www.cnbc.com and www.cnbcdowjones.com

Population

The population of the US at the time of publication was 313 million. For the latest population figure, go to: www.census.gov/main/www/popclock.html

The world's fourth largest country in both area and population, the USA occupies over 9 million sq km, and has a varied social and ethnic mix. The cultural diversity of the USA has grown from waves of immigration over the last 200 years. The literacy rate is 99% - see:

http://en.wikipedia.org/wiki/List_of_countries_by_literacy_rate

The standard of living in the US varies greatly, both in terms of wealth and geographic distribution.

The USA Census Bureau web site contains comprehensive population statistics, including breakdowns by State, County Metropolitan Area; Income, Poverty and Housing: www.census.gov

Geography

The USA shares its borders with Mexico in the south and Canada to the north. To the west is the Pacific Ocean, to the south, the Caribbean and Gulf of Mexico; to the east, the Atlantic Ocean. Two states are separated from mainland USA: Alaska and Hawaii (3,200 km west of the Californian coast). The USA covers a total land and water area of 9,631,418 sq km (not including Alaska and Hawaii). Mt. McKinley is the highest point in North America and Death Valley the lowest point on the continent.

The geography of the USA is hugely diverse ranging from glacier and tundra to sub-tropical forest and desert, vast plains and lofty mountain ranges such as the Rockies in the west and the Appalachians which form the boundary of the eastern plain. Terrain in the east ranges from the rugged mountains and forests of New England in the north, through the Savannah in the south and sub-tropical swamplands of parts of Florida. Mountain ranges also form part of many of



USA FACTS: Population

- 313 million at the time of publication
- Percentage change from 2000 to 2010: 9.7%
- Persons under 5 years, percent, 2010: 6.5%
- Persons under 18 years, percent, 2010: 24.0%
- Persons 65 years and over, percent, 2010: 13.0%
- Female persons, percent, 2010: 50.8%
- White persons, percent, 2010 (a): 72.4%
- Black persons, percent, 2010 (a): 12.6%
- American Indian and Alaska Native persons, percent, 2010 (a): 0.9%
- Asian persons, percent, 2010 (a): 4.8%
- Native Hawaiian and Other Pacific Islander, percent, 2010 (a): 0.2%
- Persons reporting two or more races, percent, 2010: 2.9%
- Persons of Hispanic or Latino origin, percent, 2010 (b): 16.3%
- White persons not
- Hispanic, percent, 2010: 63.7%

(a) Includes persons reporting only one race.
(b) Hispanics may be of any race, so also are included in applicable race categories.

Source: US Census Bureau
<http://quickfacts.census.gov/qfd/states/00000.html>



Map Source: <http://upload.wikimedia.org/wikipedia/commons/c/cb/Unitedstatesmap.png>

the central states, as do the Great Plains around the Mississippi/Missouri river basin. The west is scrub and desert in the south and high plateaus, and verdant temperate forests in the north-west, and along much of the coast.

States

The United States of America is divided into 50 states and 1 district*;

Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia*, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

Climate

Midwest

The area around the great lakes has the most extreme seasonal climate of the whole USA. Springs and autumns are cool and pleasant, summers hot and sticky and winter is usually harshly cold with biting winds and heavy snowfall. Further south winters are milder and summers warmer with clearer sunny skies.

Northeast

Summers are generally warm often accompanied by hot, humid conditions and cold winters (usually below freezing) with copious snowfall and biting winds. The average temperature varies with altitude. Rainfall is spread throughout the year.

Southeast

Summer is very humid and hot, both inland and on the coast, with frequent thunderstorms. Between 5-8 hurricanes or tropical storms reach the Gulf Coast shore during the hurricane season. Winters are severe in the higher elevations of the southern Appalachians, with frequent and heavy snowfalls, but summer is mild, if wet and misty. Along the east coast winters are very mild with only the occasional cold snap. Florida and Texas are warm all year.

West Coast

The western states experience the hottest, the coldest, the wettest and the driest climates in the whole country. Parts of the south west below 3,000 feet can reach the high 40°Cs. The humidity in much of the southern states is very low and the night temperatures in the southern part of the region can fall by between 10°C to 15°C, occasionally dropping below freezing in winter. Temperatures lessen with altitude usually accompanied by more rain or snow. Mountain valleys often have localised microclimates. In the high Rockies, summers are mild and winters can be severe with much snowfall; frequent, violent thunderstorms are common all year.

The worst effects of the winter can be moderated by the warm, dry Chinook winds which come off the mountains.

Rainfall is particularly abundant along the coastal areas of the Pacific Northwest. Summer evenings are warm with average temperatures around 27°C. Winters are generally wet but mild, damp and foggy, with snow on the higher elevations.

Fog is the primary characteristic of the northern Californian coast. This can bring chilly conditions after a sunny spell; in winter there is less fog and less variation in temperature. The inland valleys have a more agreeable climate. Southern California, including LA, has a desert climate but is protected from extremes of temperature by the mountain ranges to the north and west. August and September are the hottest months with January and February the coolest. Onshore breezes keep the coast cooler. Dry inland winds blow in summer, sometimes fanning bush fires.

Hawaii

Hawaii is generally balmy and warm with the Trade Winds providing a refreshing breeze. There is little seasonal variation. The windward sides of the islands generally receive more rain and this mainly falls on the higher slopes and mountains. Rains are roughly twice as heavy between December and March.

Alaska

In Alaska it is often below freezing in winter, dropping to below minus 40°C in the interior. In the summer it can be pleasantly mild, even hot on occasions, the long days providing plenty of light. From June until late August, night is replaced by twilight and it never gets really dark. Generally, the weather is extremely variable owing to the influence of the surrounding seas, and the low angle of the sun. Rainfall is greater along the coast and in the south, with the interior and north averaging only four inches a year.

Government Structure

The chief executive of the United States is the President, who, together with the Vice President is elected to a four-year term. A president may be elected to only two terms. The President's powers are extensive but not

unlimited. As the chief formulator of national policy, the President proposes legislation to Congress and may veto any bill passed by Congress. The President is also Commander-in-Chief of the armed forces.

The President presides over the executive branch, which includes 15 executive departments, the Executive Office of the President and numerous other independent agencies. The executive branch is responsible for enforcing the laws of the land. The Vice President, department heads (Cabinet members) and heads of independent agencies assist in this capacity. Unlike the powers of the President, their responsibilities are not defined in the Constitution but each has special powers and functions. The heads of the departments, chosen by the President and approved by the Senate, form the President's Cabinet.

The United States Congress comprises 2 chambers – the Senate and the House of Representatives. The Senate has 100 members, made up of 2 from each of the 50 states. The Senators are elected for 6 years and, to ensure continuity, elections for one-third of the Senate seats take place every 2 years. The House of Representatives comprises 435 members. Each state is entitled to 1, with the total number of Representatives based on the state's population. Representatives are elected every 2 years.

Establishing a Business in the USA

When starting a business, you must decide what form of business entity to establish. Your form of business determines which income tax return form you have to file. Legal and tax considerations enter into selecting a business structure.

A foreign company or investor proposing to establish a business in the USA may choose from a number of different business organizations. The main entities are:

- Corporation (including an S Corporation)
- Limited Liability Company
- General Partnership
- Sole Proprietorship
- Branch Office



USA FACTS: People

- Living in same house 1 year & over, 2006-2010: 84.2%
- Foreign born persons, percent, 2006-2010: 12.7%
- Language other than English spoken at home, age 5+, 2006-2010: 20.1%
- High school graduates, percentage of persons age 25+, 2006-2010: 85.0%
- Bachelor's degree or higher, percentage of persons age 25+, 2006-2010: 27.9%
- Veterans, 2006-2010: 22.65 million
- Mean travel time to work, workers age 16+, 2006-2010: 25.2 minutes
- Housing units, 2010: 131.7 million
- Homeownership rate, 2006-2010: 66.6%
- Housing units in multi-unit structures, percent, 2006-2010: 25.9%
- Median value of owner-occupied housing units, 2006-2010: \$188,400
- Number of households, 2006-2010: 114 million
- Number of persons per household, 2006-2010: 2.59
- Per capita money income in past 12 months (2010 dollars) 2006-2010: \$27,334
- Median household income 2006-2010: \$51,914
- Persons below poverty level, percent, 2006-2010: 13.8%

Source: US Census Bureau

<http://quickfacts.census.gov/qfd/states/00000.html>

Each legal entity has different tax implications and there may be taxation and regulation differences between USA states. You should seek professional advice on the short and long-term tax implications of each entity.

For additional information, please refer to the US Small Business Administration's *Business Structure and Tax Implications* which is available on line at: www.sba.gov/content/business-structure-and-tax-implications

UK Trade and Investment publishes a report on *Doing Business in the US* which can be read at: www.ukti.gov.uk/download/106508_100262/Doing%20Business%20in%20USA.pdf.html

Corporation

A Corporation is similar to a limited liability company in the UK and is owned by its shareholders. To establish a Corporation, you must file Articles of Incorporation with the local Secretary of State and pay an annual franchise tax. Legal fees cost at least \$2,000 for a filing and incorporation. There are small differences in fees and regulations between states. Delaware is regarded as the cheapest state in the USA to incorporate from a tax perspective. Depending on state law, a Corporation can be owned by just one person and have just one director and officer.

As in the UK, Corporations must adhere to legal formalities including annual meetings of the shareholders and directors, as well as board approval of the most significant acts by the Corporation.

A Corporation can elect to be treated for tax purposes as if it were a partnership (an S corporation) and therefore not pay taxes itself, or it can be treated as a taxable entity (a C corporation). A corporation must meet the following qualifications to be eligible for an S election³:

- It must not have more than 35 shareholders;
- All shareholders must be either individuals, estates or certain types of trusts; a corporation or partnership may not be a shareholder;
- Non resident aliens may not be shareholders;
- The corporation may have only one class of stock;
- The corporation must be a domestic corporation.

Comparison of legal entities				
	Sole Proprietor	Partnership	Corporation	S Corporation
Ease of formation	Low	Low to moderate	High	High
Cost of formation	Low	Low to moderate	High	High
Difficulty and cost to maintain	Low	Low	High	High
Difficulty of tax preparation	Low	Moderate	High	High
Flexibility of ownership - bringing in new owners		Moderate	High	Low
Exposure to personal liability	High	High	Low	Low
Termination costs	Low	High	High	High

Limited Liability Company (LLC)

A Limited Liability Company⁴ combines some of the features of a Corporation and a Partnership. LLC's are very flexible and there are small differences in regulations relating to LLC's between states. The most important of these relates to liability. Depending on state law, an LLC can have the same limited liability for members as a corporation, or have some members with limited liability and some without limited liability (like a limited partnership), or even have no limited liability for any members (like a general partnership). LLC's can elect to be taxed either as corporations or as partners (if they have two or more members) or be disregarded for tax purposes like a sole proprietorship.

To form an LLC in the US, one or more persons (not necessarily members of the LLC) must file Articles of Organisation with the Secretary of State. There is a nominal fee for filing articles.

General Partnership

A General Partnership is similar to a Partnership in the UK. It is formed by two or more "persons" (persons being people, corporations, other partnerships, LLC's, trusts or others) who make an agreement to share profits and losses. Each partner has joint and several liabilities to the partnership. Taxation is more complex, but the partnership itself pays no taxes; it is only required to file an informational return to the government to report what the profits and losses of the partnership were and how these were allocated to the partners.

Limited Partnership

In a Limited Partnership, one or more "general" partners manage the business while

“limited” partners contribute capital and share in the profits but take no part in running the business. General partners remain personally liable for partnership debts while limited partners incur no liability with respect to partnership obligations beyond their capital contributions.

Sole Proprietorship

A Sole Proprietorship is the same as a “Sole Trader” in the UK. It is simple and inexpensive to form and the profits and losses of the business are regarded as part of the owner's personal income for tax purposes. The owner assumes unlimited liability for the company's obligations.

Branch Office

The setting up of a Branch Office of a foreign company in the USA does not require the formal creation of a legal entity. A “waters’ edge agreement” is necessary to ensure that only profits earned on sales generated in the USA are eligible for tax in the US.

Cooperatives

Some people dream of forming a business of true equals - an organisation owned and controlled democratically by its members. Some early start business owners often refer to their businesses as a group, collective, or co-op - but are usually informal rather than legal labels. Some States do have specific laws allowing the formation of a cooperative corporation.

Taxation

The following is intended to provide a brief outline of tax issues. You should always take professional advice on these matters to determine the correct position according to your own personal circumstances.

The tax year runs from January to December. Before recruiting new staff in the US, you should be aware of the relevant employment legislation, regulations for paying and filing tax returns for federal and state employment taxes, social security taxes and the company’s obligation to withhold income tax from employees’ salaries. For further information visit: www.irs.gov or http://en.wikipedia.org/wiki/Taxation_in_the_United_States

Personal income tax

In the USA, there are two types of taxes applicable to all US residents:

- **Federal tax:** a standard tax applicable to all;
- **State tax:** an additional tax that varies from state to state. Some states have no additional state tax, for example Florida and Texas.

There are different tax schedules applicable depending on an individual’s marital status and whether filing jointly or separately. The federal tax rates are staggered from 10% to 35% dependent upon taxable income.

Corporation tax

Corporation tax rates are also staggered from up to 35% dependent upon level of taxable income.

Additional taxes

Many states impose an annual franchise tax on corporations incorporated in the state, registered with the Secretary of State, and actually doing business in the state. Franchise taxes are usually based on the amount of the capital stock but can also be calculated on bases such as gross receipt, net income and net worth.

Real estate and personal property are subject to taxes whether or not the property is used in the business.

Employers must also pay unemployment taxes into a fund that provides compensation payments to the unemployed.

Sales tax

Sales tax is applied to all sales within an area that is required to charge sales tax. Sales tax varies between states (and even within states). For more information, see: http://en.wikipedia.org/wiki/Sales_taxes_in_the_United_States

Exporting

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmrc.gov.uk



USA FACTS: Businesses and their Ownership

- Private nonfarm establishments, 2009: 7,433,465
- Private nonfarm employment, 2009: 114,509,626
- Private nonfarm employment, percent change 2000-2009: 0.4%
- Non-employer establishments, 2009: 21,090,761
- Total number of firms, 2007: 27,092,908
- Black-owned firms, percent, 2007: 7.1%
- American Indian- and Alaska Native-owned firms, percent, 2007: 0.9%
- Asian-owned firms, percent, 2007: 5.7%
- Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007: 0.1%
- Hispanic-owned firms, percent, 2007: 8.3%
- Women-owned firms, percent, 2007: 28.8%

Source: US Census Bureau
<http://quickfacts.census.gov/qfd/states/00000.html>

The latest available information about import duties, import control regulations and other legislation in the USA affecting exports to the US may be obtained from US Customs. For further information, visit www.cbp.gov/xp/cgov/trade/

UK Trade and Investment

The UK Trade and Investment Export Finance team encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit www.ukti.gov.uk/export/countries/americas/northamerica/unitedstates.html

Export licences

If goods or technologies are subject to UK export controls, a licence is required to gain the legal authority to export them. The Department for Business, Innovation and Skills is the licensing authority.

There are a number of licensing requirements, relevant to exports. These include:

- Common Agricultural Policy (CAP) Licences,
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- Department of Culture, Media and Sports (DCMS) Licences

An export licence is mandatory if you are exporting certain products from the UK. If a licence is required and is not presented at the time of export, the consignment will not be able to leave.

The BIS's Export Control Organisation is the first point of contact for information on export controls. They provide advice on many issues, including how to establish whether or not specific goods need an export licence, the different types of export licences, how to complete export licence application forms and how long they take to process. They are also the point of contact for Export Control Organisation publications and licence application forms. For further information visit www.bis.gov.uk/exportcontrol

The Defence Export Services Organisation (DESO) can provide information concerning the export of defence related equipment. For further information visit www.deso.mod.uk

For information concerning export controls on antiques and works of art, please visit the Department for Culture, Media and Sport website. For further information visit www.culture.gov.uk

Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK exporters of capital goods and projects. They can also provide contacts for private sector insurance for UK exporters of consumables. For more information on how ECGD may be able to help you visit the ECGD website at <http://www.ecgd.gov.uk> or contact their helpline: Tel: +44 (0)20 7512 7887.

Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements.

THE produces a wide range of publications and provides a special updating service of information in some product fields. THE can supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice. Fees vary according to the amount of work involved.

For further information visit the British Standards Institution (BSI) website at: www.bsi-global.com/Technical+Information/index.xhtml or e-mail: THE@bsi-global.com

Export Documentation

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. A company limited by guarantee, SITPRO is a Non-Departmental Public Body for which the Department of Trade and Industry has responsibility.

SITPRO manages the UK Aligned Series of Export documents, and licenses a network of approved suppliers to provide them. The series now contains nearly 70 standard commercial, transport, banking, insurance and official forms.

Electronic documentation including data transfer can also be provided through WebElecTra, a SITPRO licensed application. This enables direct communication with NES & CHIEF for speedy Customs clearance.

SITPRO also offer advice, briefings, publications and checklists covering various international trading practices. For further information visit www.sitpro.org.uk

Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmrc.gov.uk

Import licenses

You should check with Her Majesty's Revenue and Customs and Excise to see if a licence is required for any goods you wish to import from the USA. There are a number of licensing requirements, relevant to imports. These include;

- Common Agricultural Policy (CAP) Licences,
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- European Commission Licences,
- Forestry Commission Licences and
- Radio Communications Agency (RDA) Licences.

If a licence is needed and is not presented at the time of importation, the goods will not be allowed to enter the country.

Customs Duties

All goods entering the USA are subject to duty on that goods' dutiable value unless specifically exempted by law. A goods dutiable value is determined in various ways. A goods duty varies according to its classification; classification of the goods and the valuation is the responsibility of the importer. The US Customs Service will then determine the relevant duty. Goods cannot leave the port of entry until the duty has been determined (liquidation). After liquidation importers have 90 days in which to appeal.

Reductions in the duty on goods which have been imported from the USA to the UK and

then combined with UK goods are available for the value of components manufactured in the US.

Anti dumping and countervailing

Dumping occurs when a non-US firm sells its product in the USA for less than it sells it in its own country, in order to gain market share or undermine an existing or emerging industry in the USA. The USA can apply anti-dumping or countervailing duties to these products. These additional duties are imposed on a temporary basis to counteract the effects of an unfairly low price or an unfair subsidy to the producer. An example of an unfair subsidy would be government grants, capital loans, favourable loan guarantees, export rebates, and tax incentives.

Exchange controls

The US Treasury Department determines the regulations on capital and exchange controls. Generally, no restrictions apply to incoming or outgoing funds to non-residents.

Terms of Payment

As in the UK, companies often expect to be paid either 30 days net or 30 days from the end of the month of the invoice.

Most UK banks can provide advice on payment, credit management, short-term credit insurance and factoring. Generally speaking, any of the customary methods of payment used in international commercial transactions can be used when doing business with USA companies.

If you wish to open a US bank account, contact the larger, well-known banks to find out their specific requirements so that you have the required paperwork prior to making the application. All of the major US banks offer online banking, allowing you to access your account from your PC anywhere in the world.

Advertising and Marketing

Publications

The only daily national newspaper is USA Today. The Wall Street Journal, a financial and business daily, is published in four regional editions. The New York Times, the Washington Post and the Los Angeles Times,

are distributed nationally in main centres. There are literally thousands of State, city, regional and local papers.

In addition to numerous specialist consumer journals, Time, Newsweek, Forbes, Fortune and Business Week are general interest and business news magazines with national circulation, some of them appearing in regional editions.

There are roughly 12,000 consumer magazines and 8,000 trade magazines, most of which are national, but many of which serve regional markets.

Radio and television

Most broadcasting is in English but there are also TV and radio stations serving the local ethnic communities in their own languages. The Spanish-speaking community is relatively well served in Florida, California and New York City.

British exporters are advised to consult their advertising agents before embarking on an advertising campaign. UK Trade & Investment offers British companies a range of subsidised commercial publicity services designed to assist and enhance their export strategies.

Internet/e-mail

Use of the Internet is commonplace in the USA- virtually an accepted way of life. Access is easy, availability is plentiful, its use very popular and the use of e-commerce widespread, both in terms of consumer internet shopper and B2B commerce.

E-mail has become a standard form of communication between companies in the USA and there will be the expectation that their trading partners too will be on-line.

Business Hours

Business hours are variable depending on the state or industry, starting from 07.00 or 09.00 until 16.00 or 18.00. Do not be surprised to be asked to a breakfast meeting or to work late hours. US executives typically work long hours and part of the weekend. Asking for an evening meeting may impinge upon the time they spend with their families, time which many executives find precious.

Government offices are open 08.30-17.30 Monday to Friday. Banks are open 09.00-15.00 Monday to Friday. Shops are open 09.30-21.00 Monday to Saturday; 12.00-17.00 Sunday.

Business Etiquette

There are differences in formality between coasts: business dress is formal on the east coast and tends to be smart casual on the west coast. Meetings may take place in either an office or in a relaxed environment such as a bar. Their content will however typically be formal with agendas and non-disclosure agreements where applicable. Pricing and legal matters are often introduced at an early stage of negotiations. Punctuality, follow-up and commitment are all important considerations; so is appreciation of cultural differences.

Transport and Travel

The British International Freight Association offers up to one day's free consultancy to advise companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms. Further information can be found at: www.bifa.org

A list of warehouse fulfilment/distribution organisations in various parts of the United States can be downloaded from the BIFA website as a word document.

Air Transport

From the UK most flights to the USA are via the 'gateway' airports which are in Boston, New York, Washington, Miami, Chicago, Dallas-Fort Worth, Houston, Atlanta, Denver, Seattle, San Francisco and Los Angeles. There are connecting flights from these airports to almost every city or town in the US.

Flights to the gateways from London Heathrow, Gatwick, Stansted, Manchester and via other regional airports (sometimes indirectly) are frequent. A highly developed network of airline services connects most towns of business significance.

Fare systems have been deregulated, leading to sharp competition and major savings can be made by shopping around.

NB: New York's La Guardia and J F Kennedy airports have no left luggage facilities, but bags can be left in the Parcel Room of Grand Central Station which is open 07.00-20.00 (Monday to Friday), 10.00-18.00 (Saturday to Sunday), to get there, take the Carey bus. This leaves the traveller free for a visit to New York between flights.

Additional Security measures

Following on from the alleged terror threat to aircraft travelling from the UK to America in August 2006, most airlines have implemented additional restrictions on the size and contents of hand carried baggage. For more information, consult your airline carrier.

Rail

About 245,000 km of class 1 railways links 500 stations. Most long-distance trains are air-conditioned and equipped with dining cars, bar cars and sleeping accommodation. Much of the national network is in severe need of new equipment, however, and in terms of time and cost, rail travel compares poorly to air travel on most inter-city routes.

Roads

High-speed motorways (intra- and interstate freeways and highways) connect main centres. There is a wide network of air-conditioned long-distance buses linking all major cities, but smaller cities and rural areas are generally not well served by public transport. Many major roads are subject to tolls.

Driving is on the right-hand side of the road. States are free to set their own speed limits, as indeed are counties.

Car hire

Car hire (called 'car rental' in the USA) is widely available in major cities. A valid overseas or international driving licence and an international credit card are required. You must be at least 25 years old and if you are under 25 there may be an additional fee. Other methods of payment may not be accepted.

Travel Advice

If you are planning to visit the USA you are advised to consult the Foreign and Commonwealth Office who issue regularly updated travel advice on problems that may arise in some countries owing to political

unrest, violence, natural disasters and epidemics. The FCO can also help businesses in assessing security risks and other broader considerations they may face when operating overseas. This will consist primarily of information and commentary the political, economic and social situation in the country in question. Tel: +44 (0)207 238 4503 / 4504. Their website is at:

www.fco.gov.uk/travel/countryadvice.asp

The USA is generally a very safe place to visit in health terms. It has high quality sanitation and the tap water is universally safe to drink. Medical treatment in the USA can often be extremely expensive. No vaccination certificates are required, unless the visitor has been in tropical high risk areas within the previous six months.

Human cases of A (H1N1) - swine influenza have been reported in all 50 states. You should check for updates on the US approach to challenging this public health threat and to check the number of deaths, and their location through 'Centers for Disease Control and Prevention' at www.cdc.gov. There is a dedicated Swine Flu page on the FCO website.

Passports/Visas

A Passport is required to visit the USA. Passports should have at least six months left before the expiry date. Extensive regulations govern visa requirements, and travellers should make detailed enquiries as far in advance of their intended visit as possible about the visa appropriate to their circumstances and the method of applying for such visas. In particular, the law relating to aliens working in the US has become even more rigid in recent years. Anyone employed in the US must be legally entitled to work and live there.

Visa Waiver programme

Most visitors to the United States enter the country as tourists. With the introduction of visa free travel to citizens of 27 countries, it is now possible for many travellers, including British citizens, to enter the United States without a visa under the Visa Waiver Program (WVP). Visa free travel is also available to qualified travellers who enter the United States on business or in transit.

Qualifying citizens may travel visa free under the Visa Waiver Program if they meet ALL of the following requirements:

- The traveller is a citizen of a qualifying country, travelling on a valid, machine readable or e-passport with an electronic chip.
- Travelling for business, pleasure or transit only;
- Staying in the United States for 90 days or less;
- Plus, if entering the United States by air or sea is,
- Holding a return or onward ticket. If travelling on an electronic ticket, a copy of the itinerary must be carried for presentation to U.S. immigration at the port of entry. Note: Travellers with onward tickets terminating in Mexico, Canada, Bermuda or the Caribbean Islands must be legal permanent residents of these areas;
- Entering the United States aboard an air or sea carrier that has agreed to participate in the program. This includes aircraft of a U.S. corporation that has entered into an agreement with the Department of Homeland Security to carry passengers under the Visa Waiver Program. Note: Other private or official aircraft or vessels do not meet this requirement; and
- In possession of a completed form I-94W, obtainable from airline and shipping companies;
- Or, if entering the United States by land from Canada or Mexico:
- Is in possession of a completed form I-94W, issued by the immigration authorities at the port of entry, and a \$6.00 fee, payable only in U.S. dollars.

Important Note: Some travellers may not be eligible to enter the United States visa free under the VWP. These include people who have been arrested, even if the arrest did not result in a criminal conviction, those with criminal records, (the Rehabilitation of Offenders Act does not apply to U.S. visa law), certain serious communicable illnesses, those who have been refused admission into, or have been deported from, the United States, or have previously overstayed on the VWP. Such travellers must apply for special restricted visas. If they attempt to travel without a visa, they may be refused entry into the United States.

Update: Since 12 January 2009, UK travellers to the US under the Visa Waiver Programme (VWP), which allows most British Citizen passport holders to visit for up to 90 days without a visa, have required an authorisation via the Electronic System for Travel Authorisation (ESTA) prior to boarding a carrier to travel by air or sea to the US.

Travellers can register for authorisation online through the ESTA website at <https://esta.cbp.dhs.gov> and are advised to do so at least 72 hours prior to travel. Effective 1 July 2009, all United Kingdom emergency or temporary passports presented for entry into the United States under the Visa Waiver Program (VWP), including transit through the United States, must be electronic passports (e-Passports). The alternative is to apply for the appropriate visa.

Useful Contacts

British Trade Office

British Consulate-General, New York

845 Third Avenue, New York, NY 10022, USA
Tel: 001 212 745 0495
E-mail: tradeusa@fco.gov.uk

Other British Government Offices:

British Consulate-General, Atlanta

Georgia Pacific Centre, Suite 3400
133 Peachtree Street, N.E.
Atlanta, GA 30303, USA
Tel: 001 404 954 7700

British Consulate-General, Boston

Suite 1500, One Memorial Drive
Cambridge, MA 02142, USA
Tel: 001 617 245 4500

British Consulate-General, Chicago

The Wrigley Building
400 North Michigan Avenue
Suite 1300, Chicago, IL 60611 USA
Tel: 001 312 970 3800

British Consulate-General, Dallas

2911 Turtle Creek Boulevard
Suite 940, Dallas, TX 75219, USA
Tel: 001 214 521 4090

British Consulate-General, Denver

World Trade Centre, 1675 Broadway
Suite 1030, Denver, CO 80202, USA
Tel: 001 303 592 5760

British Consulate-General, Houston

1000 Louisiana, Suite 1900
Houston, TX 770022,
Tel: 001 713 425 6300/01

British Consulate-General, Los Angeles

11766 Wilshire Boulevard, Suite 1200
Los Angeles, CA 90025-6538, USA
Tel: 001 310 481 0031

British Consulate-General, Florida

Brickell Bay Office, Tower Suite 2800
1001 Brickell Bay Drive
Miami, FL 33131, USA
Tel: 001 305 374 1522

British Consulate-General, Arizona

2375 East Camelback Road
5th Floor, Phoenix, Arizona, 85016, USA
Tel: 001 602 387 5092

British Consulate-General, Florida

1 Sansome Street, Suite 850
San Francisco, CA 94104, USA
Tel: 001 415 617 1300

British Consulate-General, Seattle

900 4th Avenue, Suite 3001
Seattle, WA 98104, USA
Tel: 001 206 622 9255

British Embassy

Trade Promotion Section
3100 Massachusetts Avenue NW
Washington DC, 20008, USA
Tel: 001 202 588 6500

Chamber of Commerce for the Market

British-American Business Council (BABC)

In the US:

Tel: 001 212 661-5660

52 Vanderbilt Avenue,
20th Floor, New York, NY 10017, USA

In the UK

Tel: 020 7242-4293

E-mail: Info@babc.org

For full details, including a list of member organisations and links to their web sites, see: www.babc.org

British International Freight Association

The primary body representing the UK international freight services industry.

+44 (0)20 8844 2266

www.bifa.co.uk

CIA Factbook

A fact book compiled by the CIA with country statistics.

www.cia.gov/cia/publications/factbook

Embassy of the United States of America

The US Embassy can provide you with information regarding visas and work permits.

24-31 Grosvenor Square

LONDON, W1A 1AE, UK

Tel: +44 (0)20 7499 9000

Visa information line: +44 (0)891-200 290

www.usembassy.org.uk

Foreign and Commonwealth Office

The FCO provides security and travel advice for companies wishing to operate overseas.

www.fco.gov.uk

Internal Revenue Service

The US equivalent of HMRC in the UK. The site provides contact information relevant to the state in which you pay tax.

www.irs.gov

Tax Information for Charitable Organisations

www.irs.gov/charities/charitable/index.html

Tax Information for Businesses

www.irs.gov/businesses/index.html

SmartMoney.com

A detailed listing of state and local resources

www.bankrate.com/smm/news/biz/Green/states/text.asp

SITPRO Ltd

SITPRO offers advice, briefings, publications and checklists covering various international trading practices.

Oxford House, 8th Floor, 76 Oxford Street

London W1D 1BS, UK

Tel: +44 (0)20 7467 7280

E-mail: info@sitpro.org.uk

www.sitpro.org.uk

Technical Help to Exporters (THE)

British Standards Institution (BSI)

389 Chiswick High Road, LONDON, W4 4AL

Tel: +44 (0)20 8996 7111

E-mail: info@bsi.org.uk

UK Trade and Investment

UK Trade & Investment

USA Unit

66-74 Victoria Street, London

SW1H 0ET, UK

Tel: +44(0)20 7215 4885

www.uktradeinvest.gov.uk

UK Trade and Investment publish the following useful publications on their website:

- Marketing in the USA
- Helping your business thrive in the USA's competitive marketplace
- Press Release Service
- Exhibiting at US Trade Shows
- US Product Liability Law
- Intellectual property in the United States
- Exporting to USA
- Establishing a business presence in the US
- Selling through US agents and distributors in the US

Country Data

Feature	Country Data
Local time	The USA has four time zones: Pacific Standard Time – 8 hours behind GMT, Mountain Standard Time – 7 hours behind GMT, Central Standard Time – 6 hours behind GMT and Eastern Standard Time – 5 hours behind GMT.
Population	The population of the US at the time of publication was 313 million. For the latest population figure, go to: www.census.gov/main/www/popclock.html
Capital City	Washington DC
Language/Religion	The language is English. All the world's major religions are found in the USA.
Area	The land and water area is 9,631,418 sq km
Public and Statutory holidays	You can find holiday dates at: http://en.wikipedia.org/wiki/Public_holidays_in_the_United_States
International dialling code from UK	001
Local currency	Dollar (100 cents = 1\$)
Weights and measures	The Imperial measurement system is used in the USA.
Electricity supply	110-120 volts AC, 60 cycles single phase, with flat two-point plug fittings and screw-type light sockets. It is advisable to purchase any adapters which may be required before travelling to the USA.

Further Information

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

References:

¹ Source: http://en.wikipedia.org/wiki/Economy_of_the_United_States

² For more information on the US Government, see: http://en.wikipedia.org/wiki/US_Government

³ For detailed information, see: http://en.wikipedia.org/wiki/S_corporation and www.irs.gov/businesses/small/article/0,,id=98263,00.html

⁴ For more information, see: http://en.wikipedia.org/wiki/Limited_liability_company

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