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HLB International, inspired around the world

HLB International is a leading global professional accounting firm and business adviser. We are present in 130 countries worldwide, with our member firms providing a comprehensive array of audit & international tax consulting services to a broad range of clients of all industry sectors.

A member of the International Federation of Accountants Forum of Firms, HLB International is committed to the highest quality standards in financial reporting and auditing practices with all our members meeting specific quality criteria both nationally and internationally.

With member firms well established in their markets, HLB International offers an ideal combination of local expertise and international skills. Our member firms support you as you grow regionally and globally, ensuring the same partner-led high-quality and personalised service wherever you operate.

HLB International has a specialized team set up through its member firm, HLB Gravier, LLP, (located in Miami, Florida), to assist you with all U.S. tax compliance and related domestic and international tax planning.

Our dedicated team of professionals is always available to discuss any questions that you may have.

U.S. Tax Requirements

If a non U.S. person is physically present in the United States for at least 31 days during the current year and 183 days during a 3 year period including the current year and the 2 years immediately before that they are considered a United States Resident for tax purposes. Therefore, passing the substantial presence test.

We realize that the substantial presence test concerning non U.S. persons can be confusing. Therefore, HLB Gravier, LLP can assist you with knowledge that shall be beneficial to you.

Your U.S. Tax compliance includes (but may not be limited to) filing of the following tax forms:

- 1) Form 1040, report worldwide income (Due April 15th);
- 2) Form FinCEN 114, Report of Foreign Bank and Financial Accounts, (FBAR), To report foreign financial accounts valued over \$10,000 in aggregate. (Due June 30th)
- 3) Form 8938, "Specified Foreign Financial Assets", report foreign financial accounts valued in excess of \$50,000; attached to Form 1040 (due April 15th).
- 4) Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations; used to report ownership of a Non-U.S. entity. (Due April 15, filed with form 1040)

There are severe penalties that the U.S. tax authorities impose for NOT filing the required tax forms listed above. Penalties can start at \$10,000 per missed filing and be a large percentage of any unreported income. Criminal sanctions may apply.

U.S. Tax

Once you have passed the substantial presence test you are considered to be a U.S. tax resident.

U.S. Tax Highlights...

The United States has different tax rates depending on your type of income, examples would be:

Individuals

U.S. Tax Rates:

- 1) U.S. tax rate on ordinary income;
15% - 39.6%
- 2) U.S. tax on Qualified Dividends;
20%
- 3) U.S. tax on Long Term Capital Gains:
20%
- 4) Certain Additional Taxes;
May add 3.8% to items #2 and #3.

Consideration should be given to the U.S. tax laws that apply to gifts made to family members as well as U.S. Estate tax rule. These U.S. tax rates may exceed 45%.

Business Taxation in U.S.

There are many structure options for businesses operating in the U.S. The most common are the "C-Corporation" and the "Partnership/Limited Liability Company".

Selecting the most beneficial business structure is a critical component of tax planning. HLB Gravier, LLP can help you select the option that will minimize your tax.

C-Corporation

Your U.S. corporate tax compliance includes (but may not be limited to) filing the Following Forms:

- 1) Form 1120 , U.S. Corporation Income Tax Return, used for domestic corporations to report income (Due March 15).
- 2) Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations; used to report ownership of a Non-U.S. entity. (Due March 15, filed with Form 1120)
- 3) Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in U.S. Trade or Bsiness; used to report a Non-U.S. entity's 25% or greater ownership of a U.S. corporation. (Due March15, Filed with form 1120)
- 4) Form FinCEN 114, Report of Foreign Bank and Financial Accounts, (FBAR), To report foreign financial accounts valued over \$10,000 in aggregate. (Due June 30th)

U.S. Corporations are taxable entities.

The following tax rates apply:

- Income - taxed from 15% to 35%
- Losses - carried back 2 years or forward 20 years
- Dividends - subject to 30% U.S. withholding tax at source

Partnerships/ Limited Liability Company (LLC)

Unless an election is made to be taxed as a corporation, partnerships are pass through entities and tax is not paid at the entity level. All income and losses are passed through to the owners who pay their share of the tax liability.

Partnerships/ Limited Liability Companies may have an obligation to withhold tax on income paid to its Non-U.S. members. HLB Gravier, LLP can assist you in understand all of four U.S. tax obligations.

Tax compliance for a Limited Liability company includes (but may not be limited to) filing of the following forms:

- 1) Form 1065, U.S. Return of Partnership Income
- 2) Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations; used to report ownership of a Non-U.S. entity. (Due April 15, filed with Form 1065)
- 3) Form FinCEN 114, Report of Foreign Bank and Financial Accounts, (FBAR), To report foreign financial accounts valued over \$10,000 in aggregate. (Due June 30th)

Severe penalties for non-compliance may apply

Other Business Taxes

Foreign corporations, U.S. branches, and U.S. partnerships are subject to U.S. tax only on income that is connected to U.S. trade or business or fixed, determinable, annual, or periodic income.

U.S. Branch Operations

- Income - income connected to trade or business in U.S. are taxed from 15% to 35%
- Losses - losses can offset foreign parent company income
- Dividends - a 30% branch profits tax on deemed withdrawals and a 30% branch interest tax may be imposed by imposed by means of withholding tax

U.S. Representative Office

- Income - the office should not generate income therefore there would be no income tax
- Losses - no usage of losses is applicable for U.S. tax purposes
- Dividends - the office should not repatriate dividends

The U.S. is involved in tax treaties with more than 60 foreign countries. Under these tax treaties, business profits for foreign corporations are taxable by the U.S. only if they can be attributed to a permanent establishment

State and Local Tax

In addition to federal tax imposed by the internal revenue service, U.S. companies may be subject to various state and local taxes.

State Income Tax

Many states in the U.S. impose an income tax. The tax rate is determined in accordance with the law of the state where the business is incorporated and/or conducts business.

Special nexus rules determine what states require income tax returns. These rules can be complex and are subject to change. HLB Gravier, LLP has experts in this area who are ready to assist you.

Other State and Local Taxes

Franchise Tax: This is a tax some states charge for the privilege to do business in their state. It is not based on income and is often charged in place of income tax.

Net Worth Tax: This tax is charged by some states based on the equity you have in your company.

Sales and Use Tax: This is a tax charge of states and cities as a percentage of the cost of goods (and some services) you purchase in their state (or use in their state). Rates vary by state and locale.



HLB Gravier, LLP provides a wide array of services in the fields of audit & assurance, accounting, tax, corporate finance and business advisory. Services include (but are not limited to) statutory audit, internal audit, IFRS support, bookkeeping & financial accounting, business structuring, business recovery, forensic accounting, payroll, employment services, IT services, tax compliance, international tax planning, VAT and other indirect tax, transfer pricing, expatriate tax, wealth management, transaction services, IPO, due diligence, joint ventures, fund raising, valuation.

HLB Gravier, LLP has extensive tax knowledge in such areas as international taxation.

Our dedicated team of tax professional are ready to discuss the U.S. tax rules and regulations that apply to you. The U.S. tax system is constantly changing its rules and our team prides itself with keeping our clients informed of tax changes that may affect their lives

130
countries

HLB serves a broad range of national and multinational clients of all industry sectors from listed companies to small and medium enterprises, including state-owned enterprises, non-governmental organisations and owner-managed firms. Our member firms' expertise spans a wide array of industries among which financial services, real estate & construction, high-tech, services, utilities & infrastructures, retail, entertainment, food & agriculture, manufacturing and oil & gas

16,000
staff

HLB provides services to their clients and stay at the top of their expertise with constant technical support, training and sharing. HLB belongs to the "Forum of Firms", part of the International Federation of Accountants, and as such we are committed to the highest quality standards. All our resources are centralized in a global intranet where our members can easily communicate through dedicated discussion and exchange forums

500
offices

Our members' support you as you grow regionally and globally, ensuring the same partner-led high quality and personalised service wherever you operate

Our Team

Leonardo D. Gravier, CPA, is the Managing Partner for HLB Gravier, LLP in Miami, Florida. Mr. Gravier has been in practice since 1985 and is the partner in charge of the International Tax group.

Alejandro D. Gravier, CPA, is a Founding and Senior Tax Partner with HLB Gravier, LLP. Mr. Gravier received his Bachelors in Business Administration, a major in Accounting and Masters in Taxation from the University of Miami. Mr. Gravier focuses his practice in international business and tax planning, domestic tax, and financial planning for business and individuals.

Kevin Cusano, CPA, is a Tax Manager at HLB Gravier, LLP in Miami, Florida. Mr. Cusano has been in practice since 2004 and is the manager in charge of the team dedicated to assist with U.S. tax compliance and tax planning.

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local expertise
global growth

HLB members work together globally to serve clients' multinational needs, providing experienced solutions in a wide range of service lines and industry sectors.

HLB members from Germany, France, the UK, Russia, Japan, China & the US advise a privately-held global expert in production processes for the aerospace and aviation industry with interdisciplinary services covering international taxation, corporate restructuring, legal, M&A and transaction advisory services.

HLB members in the UK, Denmark, Netherlands, Sweden, Italy, Poland & Australia support a Silicon Valley-based S&P 500 company.

HLB members in Belgium, Sweden, Switzerland, Austria & Spain perform audit services for a multinational leader in the production of multiple applications foam listed on Euronext Brussels.

HLB members from 9 countries in West and Eastern Europe, Central Asia & Asia Pacific, provide audit services to 20 subsidiaries of one of the world's leading mining and metal companies listed on NYSE and headquartered in Moscow.

HLB members from 20 countries in Europe, Africa, North America, Asia Pacific & the Middle East act for a privately-held global leader in emergency care products, providing accounting, tax and advisory services.

HLB members in the US, Netherlands, Spain, Germany & Japan have provided audit services to Hollywood-produced films and their international distribution.

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