

Health Profits Academy

“How To Establish A U.S. Entity (For Non-U.S. Citizens)”

with Scott Letourneau, CEO of Nevada Corporate Planners

- Buck: Hi folks, Buck Rizvi, Health Profits Academy. I'm here with Scott Letourneau and Scott is the CEO and founder of Nevada Corporate Planners. They are business formation experts and Scott is also the creator of the Launch Your Business With Confidence system where he gets to leverage his passion in helping entrepreneurs launch and grow their businesses with confidence. He has invested 1000s of hours and 100s of 1000s of dollars to study incorporation, asset protection, and real estate strategies for the world's top business experts. Since 1997, Scott has helped nearly 6500 entrepreneurs launch and grow their business with confidence. He is a speaker, he is a trainer, and his success insights are also very popular on radio, TV, and with live audiences all over the world. Scott you there with me?
- Scott: Yes Buck. Thank you it is a pleasure to be with you and of course with all your members of Health Profits. Looking forward to the opportunity to share some great strategies today.
- Buck: I really appreciate you being here. It is very timely because we've had a number of members in the Health Profits community that are not US citizens and there've been a lot of questions about do I need to set up a US company? How do I set up a US company? How do I conduct business in the US because it is such a vast and very lucrative market for the dietary supplement industry?
- Scott: That sounds awesome and that's one of our specialties is working with the international markets. I've had the opportunity to speak globally in UK and Australia and New Zealand and I've actually gone training with professionals in those countries also. Like any subject, there's a couple of misconceptions we want to avoid and we want to get it done right and that's what we are going to talk about today as the right approach and the steps you need to take and of course how we could support you so you can focus on what you do best which is your health business.

Buck: Fantastic. Let's jump into it. I know you've got to take a tight schedule and there is a lot of information I know you need to cover.

Scott: Absolutely. Let me go and do that. I will share with you our company and my background is in finance. We work with some of the best tax attorneys, sales tax CPAs, immigration specialist. Our firm provides these services, so little disclaimer. We are going to give you an overview. Not specific tax or legal advice for your particular situation on this training when we work with you, of course we can get little deeper into your situation and we have the professionals if we have a nuance for you that's necessary. We will talk a little bit about that but you are going to get a great overview today and have a lot of clarity on what needs to happen as you move forward.

Buck: That's perfect.

Scott: Appreciate it.

Buck: Yeah because this is for educational purposes. You obviously need to check with your particular tax or accounting resource that you work with and to make sure that it is appropriate for your situation. Great let's dive in.

Scott: Awesome. Today we are going to talk about how to properly establish a US company and I want to start with, when you operate your US business I want to talk about building a successful business in the US. Here is the way we have to look at it. You can't build a house from the roof down. Can you? That makes zero sense, so what do you have to have? First you have to have a solid foundation. Really key to your business. You can't build a successful business from the roof down either when you are operating in the US. You have to have first of course is that solid foundation.

We are going to talk about that solid foundation today for your US business, what does that look like, why you want to avoid doing parts and pieces that could get you in trouble down the road? We want to make sure it is really solid for beginning. Again as I said, being focused on what you do best. Part of my background in being very successful because I'm a business strategist when it comes to entity formation is I've studied a lot of psychology and I want to share with you a couple of tips to get the most out of what I'm going to share with you today from a strategy point of view and if you don't mind, I'm going to share with you the best learning strategy in the world.

As you are going through what I'm going to share with you today as you go through the Health Profits system and academy as a member, when you adopt what I'm going to share with you next, I guarantee you will get more results out of what you are doing. I've noticed this pattern globally when I've spoken. I first learned it from Tony Robbins when I was at his Master University Event back in 1993 in Hawaii. Here's what the pattern is. Here's what the best of the best do in the world. When somebody is teaching what the best belief and their belief system is one new distinction will change by entire financial future.

It could be distinction about selling health products in the United States. We are going to talk about several distinctions about US companies and sales tax and structure. The best get really excited just like when I saw Tony sitting in the front row over 22 years ago and listening to these speakers who I've known that he has heard a 100 times before and he is incredibly writing notes. What he said was, "When you listen to strategy, your life could be different from even a week ago, two weeks ago, a month ago, even if you heard the same strategies five times over what's different now and one distinction can make all the difference."

What most people believe and is I've already heard that before and I've heard about that in kind of two notes. I might talk about the US Corporation or US LLC and you might say, "No I've studied that before." The challenge with that is again it gives a command to your subconscious brain to tune up and what I'll encourage you today to do is get excited when I cover those particular subjects and you say, "What does Scott going to share with me? What's maybe slightly different than I've heard before? Do I have the right US entity? Did I set it up properly? Or when I go set it up, I can see how that makes sense." I wanted to give you that gift as we get started for any training you are doing.

Buck: That's great Scott. I think some people refer to that as the slight edge philosophy.

Scott: Sure. Absolutely. Thank you for that because it makes a difference. Its lot of people's awareness because hey we all want little bit of significance in life. It is one of the six human needs and sometimes we just jump right and say, "Oh I already know that, so I feel good about myself. I'm on the right track" and that's good and you want to go, "Jeez I'm curious to how this might be slightly different." That's really important. Let me give you just a little bit of my background as we talk about sameness. That's the pattern that if you want to avoid that leads to financial ruin. So just quickly, I know Buck shared a little bit. I will go through a little bit more for you.

I graduated in a business finance degree from the University of Minnesota Duluth where yes it gets 30-40 below in the wintertime with the windshield factor. I formed my first limited partnership in college with an investment group. We were trading stock options in college. That's what I was doing early on. I moved to a warmer climate in 1993 to Las Vegas. I remember moving in the winter time and I think the high temperature for the week was about 12 below zero. I worked in an industry of forming Nevada Companies and I worked for a company and I was trained by them and it was felt at that time I was a pretty good employee.

I would do what I was told. I'd learn the strategies but I was one of those people that also like to ask questions. I would study on my own. I found the company I worked for. There was a lot of disconnects and of course as I brought up more questions I found out that I was creating more challenges and they didn't want to hear my questions because honestly I was putting a damper on their sales approach and they weren't interested in the right answers. As soon as I dug deeper and discovered that I soon left and I formed my own company I will talk about in a minute.

Like most of you as an entrepreneur, many of you I know what it is like to be a busy entrepreneur. I'm married to my beautiful wife Deanne, married in 1996. If you like classical music and if you ever come to Las Vegas we are headquartered, she is the concert master of the Philharmonic. She plays with Celine Dion. She also plays at a great new show with Steve Wynn called showstoppers, so she is honestly a big star in town. I'm known as the guy that carries the violin case and I just let her do her thing. It is kind of fun. We have an exciting opportunity. I founded in my company about six months after I got married, Nevada Corporate Planners, so we started over 18 years ago.

We did a lot of research early on with Deloitte And Touche on what's called the multi-state taxation rules. When do you have nexus, when you have to foreign register? If you are an online business, can you be based from anywhere? Do you have a physical presence in other states? I knew if I went to NECPA I could get any answer I wanted to hear. I want to go with the best of the best and we started doing that pattern with legal professionals to find out people to help work with our clients to get the best results. I have three beautiful girls, Grace, Rose, and Faith so again I know how it's like to have the schedule filled up properly five nights a week with classes on Saturday and running around and balancing your personal life with business life and being successful.

I like to beat the odds. I've been in business for 18 years, married for going on 19 years, kids all got straight As so I'm doing something correct. Hopefully the few distinctions I'm going to give you today just in the big picture. I founded another company called Fast Business Credit FBC in 2003 to help with funding of companies which as you can imagine has changed over the years and our goal is to help you launch and grow your business with confidence in all 50 states. We do that throughout the United States, of course for our international clients. I've been very blessed to work with many very successful people.

T Harv Eker, the Millionaire Mindset guy, I've done a training for his platinum group. Sandy Bopkins a top tax attorney in the US we work with. Jabrahams have been a client of ours in the past in the marketing niche. Spike Humer is a turnaround expert. We've done a lot of work with Spike. Sean Higgins tax lien specialist throughout the world, we've done a lot of work with his US clients. Brett McFall is a client that owns the World Internet Summit so they do a great job of training people. Todd Broker is one of our key resources in US as far as the financial group for people in arenas that are going through financial challenges after transitions, so he is the top guy.

Todd Falcone in the direct sales industry. Nik Halik is a client, written a training program called the Thrillionaire, he is going to share a lot of training again. Of course working with you Buck and just been very blessed to work with a lot of great people. I love that the relationships. I have been a contributing author in the book, Start Your Own Information Marketing Business by Entrepreneur Magazine, wrote the chapter on the fundamentals of starting up a business and the factors you have to consider. Again, I've been very blessed and lucky over the years. I've been known to tell people what doesn't work and what does work.

I give you the good, bad, and the ugly. We don't sugarcoat it. We just want to make sure it is done right. I think Buck that's why we are working together. Just I know you believe strongly in your members to give them the straight scoop and tell it the way it is and we want to make sure they are in compliance and do things properly so that they can focus on being successful. Let's talk about the big question that comes up when you are looking to do business in the US and you are in the nutrition industry, you are selling your products, you are either getting your business up and running or it is already running and you really have a couple of choices that people look at.

One is of course do I use the company I've already have established in my home country. If I have a merchant account or look at getting a US merchant account, can we do that and that's certainly a possibility from that perspective. Then we

look at of course do we set up a US company which of course we are going to spend most of our time in that particular area. What we want to look at is again operating from your home country versus US versus having an entity in the US. Again could you use a company in your home country and get a merchant account and sell to the US market? Yes you could.

Are your US consumers going to be foreigners as far as merchant account charges? Yes they would be. Are you going to be pay much higher in fees? Yes, you would be. The big question gets into some other areas that is your company let's say you have a corporation from the UK or Australia, is that doing business in the US? You know you are distributing a product in the US. You have US consumers and then that gets into the area of do you have what's called Nexus which means a business presence. We have to look at nexus from the point of view of income tax nexus, meaning do you have an office or an address in the United States, those type of things.

Then you get into from a sales tax nexus and a lot of times it comes into point of should you be collecting US sales tax. I will tell you we work with a sales tax expert who is an expert on Amazon sales tax, the marketplace fairness act. She has actually represented legislation in front of Washington DC on internet taxation in the US. That's really important and this is a fairly complex subject that's beyond the scope of this but I will give you some insight. The question comes up is if I have a foreign company, do I have to collect US sales tax? Well if you are selling and you have sales tax nexus because let's say you have a warehouse or a manufacturer shipping your product, technically will that create sales tax nexus? Yes it would.

In order to collect and remit sales tax you have to have a US sales tax number. In order to do that you have to have a US company. Now there's people believe that if I'm a foreigner I don't have to collect any US sales tax. I'm physically not there yes some people do believe that. Is it correct? Not necessarily correct from the squeaky clean point of view.

Buck: Hey Scott can I interject there because we were chatting about this before we started.

Scott: Absolutely.

Buck: We did talk a little bit about business risk and making decisions based on where you are in the lifecycle of your business. You just said many people do and you could. You could have an entity in your home country, bank account in your

home country, merchant account in your home country, collect payment from US citizens, ship from let's say a warehouse in Nevada to the customers, not collect sales tax and probably get away with it for some period of time, maybe a long time.

You said the downside risk is A, you are paying higher international credit card processing fees which from what I understand could be 1-2% or more additional fees charged on the gross amount processed and a potential growing liability should the state wake up and target you and say "Oops we think you owe US all this sales tax. Why haven't you been collecting it?" and could take action down the road. In other words it is a potential growing liability the longer you let it run. Is that true?

Scott: Yes, it is very accurate and I'm glad you brought those items up. Of course somebody might naturally think "Oh jeez I'm in the UK, who is going to chase a Nevada sales tax representative or they going to chase me in the UK?" Just yesterday we had the sales tax division come to our office and we had a client in the US and they are coming here to say they owe US sales tax. We've let the client know and it's a small bill was like 1400 bucks and we let the client know several times over several months and he is like "Ah, I'm busy." It is not a big number to him he is "I'll get around to it." Our suggestion is, you might want to take care of that. Just going to send him some money and he has the sales tax number. He has just been so busy with this business, he just never got around to the ...

Buck: Take care of it when its small.

Scott: Other half of it is remitting it. You know which is very simple.

Buck: Let me clarify one point. I know you just mentioned Amazon which is a whole other whole another kettle of fish but let's just keep it very, very simple. If they have what's called a third party logistics company that's doing the fulfillment for them warehousing the product for them, let's say it is in one state. They are shipping product around the country from one state, then in theory they don't have personnel anywhere in the US. Then that nexus is from a sales tax perspective is in that one state, let's say Nevada for example?

Scott: Correct.

Buck: They don't have to worry about collecting tax from Colorado or California residents or any other state other than where they have their warehouse?

Scott: Yeah absolutely correct. It really simplifies it so if all your product is in a warehouse say it is in Nevada. That's where it's being distributed from that creates two types of nexus, inventory and agency nexus so you would have a Nevada sales tax number and any Nevada resident purchased could be a very small percentage. Then you would collect or remit sales tax in all the other 49 states. Either it would be no sales tax charged or collected so it would be very simple.

Buck: Okay one another question that I know has come up which is interesting is, is there always a single online sales tax rate for every state or is it broken down by county? At what level are you taxing?

Scott: Yes and we will get into a slide where we can cover an overview but to cover that yes each state has a sales tax rate. As you mentioned Buck very correctly some states will have a district and county and city rate also. Then there's some states or what's called an origin state which is based upon where your address is.

Buck: I'm just simplifying it. I know they do have all those taxes but they were selling stuff online so what's pertinent to them?

Scott: What's pertinent to them is, there's going to be a state tax rate that's going to be collected at a state level. Depending upon your shopping carts, some goes into more detail, some doesn't but that's going to be the big picture for them.

Buck: One number per state that really simplifies it. Then the other I don't know if you have a slide on this in the future but you mentioned it in terms of your expert in dealing with folks like Amazon. Now Amazon has fulfillment by Amazon which is a type of third party logistics company or 3PL. They have warehouses in all the lower 48 states. It is just a whole rat's nest of potential taxation issues. If they only have their inventory sitting in one of those fulfillment centers then in theory are they only subject to collecting tax in one state or they now by guilt by association they have to collect in all the states that Amazon operates?

Scott: It's a great question. The simple answer is you are just going to collect sales tax in the state your inventory is in with Amazon. In other words, Amazon technically right now is in 15 states as far as warehouses, 14 have sales tax. When you work with Amazon their FBA system, they might put your inventory in two or three states. You might get two or three sales tax numbers. You don't have to get a sales tax number in all the states off the bat. That's not required. That's a very good question that there is a lot of confusion on but and of course we will keep it simple like you go on the technical background of that but that ...

Buck: Yeah keep it high level but okay, so simple answer is you know which fulfillment centers you are sending your product of Amazon and those are the three states you'd have to have a sales tax number and collect sales tax for. If you are using FBA of course you are collecting the money, you have the direct relationship with the customer but you are using Amazon just as your 3PL or fulfillment partner.

Scott: Yeah absolutely and that was a really good services, one everybody maybe familiar with is Taxjar that will make the remitting of sales tax very simple for you. We have another one with our sales tax expert so that part can be simplified, so it is pretty much a 3 step process, to identify which stage you need the sales tax numbers, you collect it and we have the service to remit it. That's pretty turnkey.

Buck: Excellent. Thank you. Sorry for interrupting. This is a great coverage of these topics.

Scott: All very, very important as far as the big picture and what we want to accomplish so let's talk about, we talked for a couple of minutes about you operating from your home country, let's talk about the advantages of having a US company here. The advantage is, then we take an again a little high level look at this. We will drill down. If you are doing online sales, which if you are selling nutrition products to US you are, statistically this year US consumer is going to spend over 183-184 billion online overall. Everything in online sales it's an extraordinary number. In comparison New Zealand is closer to 1.5 billion. Half of that comes from erroneous dealing.

Australia is about 68 billion numbers might be off a couple of billion based upon where the statistics. We got this from the US Census Bureau. UK is again 64. Australia is 68. Those are just numbers what's happening you see the global side and the US market. Now when you are a US consumer here is our purchase pattern. They are skeptical still. Even though we buy a lot of stuff online, we still are a little bit skeptical and if there's problems, just like you we want to know what's going to if ... is there a money-back guarantee? Is there any recourse? What's going to happen?

If you appear offshore, in other words if I look at your company website and you are from a different country around the world and you appear offshore, I'm thinking maybe I don't have recourse. So you know what? I think I'm going to hit the back key and just go buy this other nutritional product that looks similar and they have a US company. That's part of the challenge in the US consumer knows

because your website tells it as I mentioned. They search for a foreign site. If it is a foreign site, they get uncomfortable. They might click the back key and just go look at the next one.

Buck: Scott, I'm going to interrupt because I'm going to take the devil's advocate approach here.

Scott: Sure.

Buck: In theory they could have a mail forwarding address sort of like a shingle in the US for the purposes of giving the appearance that they have a US presence without necessarily having a US entity and they could put that in their About Us or contact US page.

Scott: Very good point. Glad you brought it up. Yes the strategy would be, the knee jerk reaction would be you know what? That's a good point Scott. Here is how I'm going to solve it. As you said, let me get a US address and I'm going to put on my website, so they see that we are ... For example an UK company has a US office address so that will solve all this. That first part is true. That would solve it. The part that nobody discusses is the next part. Does that trip anything else into place? I have a US office address. Now does that mean I'm doing business in the US? Does that create nexus in US? Does that mean my UK company now has to register to do business in the US to pay now income taxes and then of course we get into sales tax.

To answer all of that from a conservative point of view absolutely yes. That's important. Very important to look at that. In each subject you've got keep in mind, I'm going to present things from a very conservative high level tax firms that are 600-800 bucks an hour law firms. Are you going to come up with my neighbor did this, somebody has been doing it for five years. They never had to pay US tax. I'm not going to share with you strategies that work until if you get [crosstalk 00:26:07].

Buck: I totally agree. Because I'm not the attorney so you always have to check with your attorney and your tax professional.

Scott: Absolutely.

Buck: I'm going to make an observation here. You made a great point about the location of your warehouse and the fact that that just clearly sets it up so that you should be paying or collecting state tax for residents of that state wherever

your warehouse is located. Clearly that's the case and like you said, there is catch 22. In order to collect the tax you need to have a tax number. In order to have a tax number you need to have a US entity so that all bets are off. You kind of need to have a US entity long term because you don't want this to be hanging up over your head as you are building a very big successful business selling to US clients.

When you do it might be determined based on where you ... If you are doing some testing and you are just getting going you probably could get away with not doing it for some period of time but at some point you want to make that decision so that you don't have a ... The one thing you did mention to me which is important is you are not legally able to collect sales tax if you don't have a tax number. Don't make that mistake of ... That's a double jeopardy situation.

Scott: Let's repeat that one Buck because that's really important. Some people will say you know what? It is easy to make these mistakes. In my shopping cart, I'm going to ... Oh my warehouse is in Nevada as you mentioned I'm shipping my nutrition product. I'm just going to put in to collect Nevada sales tax. I'm going to collect it and I'm going to be a good guy and do the right thing. Then I will remit it and work backwards. Technically as you mentioned, it is illegal to collect sales tax without being registered to do so first.

Buck: Don't make that mistake. Could you set up a mail forwarding address and get a US toll free 800 number and give yourself the appearance that you have the US presence, not collect any state tax in the place where you are fulfilling from so you don't trip that legality issue and do it for some period of time. Yeah you probably could do it and get away with it. I think you need to make a decision, you have to have a decision point pretty quickly of wow this is really working well for me. I want to move ahead and get the entity, stop paying that extra international processing rate that I'm paying for my foreign merchant account and make sure I'm now collecting state tax for the residents of the state where I'm fulfilling from and just everything is on the up and up.

Scott: Absolutely. Even when I spoke to my sales tax expert, we talked about squeaky clean letter of the law approach and then a practical approach. What you are describing very much is a practical approach. Your business is up and running, somebody take off out of the gates right now.

Buck: I'm going to ask you one question regarding what the state typically does if they find out that you owe them tax? Let's say it's not been going on for very long and the amount of tax that's owed is relatively let's say it's a couple of thousand

dollars. It is not a major amount of money. Is this something where the state is going to, suddenly it is a criminal issue. There's going to be massive penalties imposed and really, really bad things happen or they simply going to send a notice saying, "Hey this has come to our attention. You owe us this tax. Here is a reasonable penalty if you pay it in this amount of time and by the way you need to start collecting tax."

Scott: Yeah that's a really good point because that's obviously the worst case scenario. What's going to happen and then how do I move forward? The good news is the state and speaking to my sales tax expert the states have what's called a volunteer program. You can go back and say you know what? It's been six months. Whatever your reason is I want to get into compliance and because the end of the day the number is probably not a very big number but what you don't want to do is let it grow for seven years because the challenge in sales tax audits, again if it happens, if the worst scenario found you, usually the late time and average is 6 to 7 years later.

It is not really a good thing so some people yeah have operated. They got things up and running. They surprise themselves and sales skyrocket in this and they get everything in place two months later and they talk to a sales expert and say, "Jeez I did 200,000 sales for the last 90 days and a certain portion of that came from Nevada. Based up on the sales tax I think I owe 1800 bucks. I'm getting the sales tax number there. should we kind of take care of that? I got plenty of cash. Not a big deal." They will actually go in and there is a process to fill out a form negotiate, clean that up and move it forward.

Buck: Okay good, but please don't let it wait for six or seven years. That's not what you are suggesting here?

Scott: Yeah, no, no. I'm just sharing with ... Unfortunately it is a, You never know if it is by design but it is a slow process. Now the example I gave earlier the one client he was in a different situation where he registered to collect sales tax, was filing and got so busy and didn't have a service to take care of it that two years went by and that's an easy way for them to determine, "Hey by the way here is how much you owe US." That's kind of slam dunk for them. It is like the IRS. They send you notice and a bill and lot of people get, "Oh my gosh I got a bill" I'm like, "Hey thanks for the reminder notice. We owe you few bucks ..."

Buck: You mentioned a service that they could use to do this called Taxjar. Is that correct?

Scott: Yeah Taxjar is a service that will remit the sales tax for you. What they do is, it's very simple because if you are in six states, they will do in all six states and this is charged based on amount of transactions and it starts at 10 bucks a month. It is like a no-brainer.

Buck: Okay perfect. Thank you for that resource.

Scott: Yeah absolutely. It is taxjar.com. They will remit it. We have a service to help you get them and do all that stuff but it comes into play. All great points. Let's talk about, we mentioned this but I will go through the secret ingredient when you sell to the US just like Coke and Kentucky Fried ...

Buck: This is a health audience man.

Scott: Yeah I know. How not, because this is why they need your products? We got a lot of that. That's why we have a good market in the US because you are selling all this good stuff to the sick people in the US.

Buck: I need my carb blocker and my sugar control, my sugar and nutrition supplement.

Scott: Yeah there you go. my team looked at me the other day and said, why do you have ... I brought a mini-trampoline into my office so I'm a health nut too. I said, "I got to get the lymphatic system going. I'm here long hours. It helps to take a break and jump on the mini-trampoline." I'm all with the health program but this is the reality. The metaphor of what are your secret ingredients and so trust is the big one in the US market. Even the difference of a PO box which could work on certain forms. Sometimes to US consumer the PO box sounds like, "Jeez are you are trying to hide something? What does that mean? Are you legitimate?"

When you work with US for example, we have a real physical address. We are in a real building, that kind of a thing. That's what you want to develop is trust. The other advantage is for many of you, you already have a very successful business in your home country. You might already be in the nutrition niche. You might be in a different niche. Now when you form a US company, you are in two jurisdictions. You are now a multinational within a simple step and there is some great marketing advantages to that as far as your overall brand of what you are doing.

If you are doing different strategic alliances, just marketing makes a big difference. Now again the other thing people don't think about is if you are

operating say in Australia and you have your main business and you get sued in Australia, wouldn't it be nice to have a US company that is totally separate from that and you don't have all your eggs in one basket and so there is a great liability and strategic advantage of having a US company or whether you are in the UK something of that nature. So those things come into play as far as other advantages.

Most people we like to look at the advantages of having a US merchant account. While you are selling to the US market, so if you have a US merchant account what happens is you have lower fees because now your US consumers are using their US card which is a domestic card versus if you have a merchant account from your country, now the US consumer is in international transaction which of course has higher fees but the US merchant got to get lower fees as you mentioned earlier Buck it could be up to 2% per transaction. If you did 200,000 in gross sales in the US market that alone is an extra 4000 in additional profits to the bottom line. That's something to keep in mind also when it talks about a US structure.

Let's talk about a proper US structure, what does that look like. I'm going to give you the best of the best of strategy that I've learnt over the years. I'm going to share with you the next slide. I'm going to share with you is probably from a belief system and strategy point of view for your financial career is probably one of the most important things to grasp and I'm going to chunk it down to you. I think it will make a lot of sense for you. What we want to look at is where do you go first to start a business and put together your foundation, Your structure? Who would you go to first and when I travelled around the world and have asked audiences who comes to your mind first.

Not to surprise, I get different answers. When I share these different answers that come to mind, keep in mind each of these areas have a certain niche of advice just like you are in the health niche, difference in perhaps marketing or automobiles or different areas there's different niches. They don't always cover other areas. For example, what pattern advice would you expect to receive. You went to a lawyer; you get legal advice unless they are a tax attorney also. Not a surprise, of course the pattern is when I interview wealthy people and they are going to start a new business the first answer like clockwork is, "I'm going to go to my attorney because what most people understand very risk adverse. They don't want to lose what they've already accumulated so they want to make sure legally they are protected when they start a new business."

Most people who are getting the business up and running will go to their tax professional. Tax professional give you tax advice. Now, the important part of that is for example in the United States 67% of all businesses start off as sole proprietorships. We are not making that recommendation for this niche because the products and nutrition and type of business you are doing but a lot of small business owners, lot of people are network marketers they work from home those kind of thing. They start off in sole proprietorship and the advice the tax professional says how much profits do you expect to make.

If the number is below 40,000, they say guess what let's keep it simple and be a sole proprietorship. That for example is correct from a tax point of view for that particular niche and that person but when you come from a liability, branding, marketing, it is the wrong advice but since you only want your tax professional you only got one niche of advice. To go to a financial person, you get financial advice. I've interviewed bankers that how many people come into your bank and their first step is to open a business check-in account since Scott everyday people are coming to the bank and that's your first step.

Now if you go online, of course you are not sure what you are going to get. Business license department, obviously it is going to be about a business license. Service provider, technically we will fall into that niche. We provide a service. We are not sure again what you are going to get until you find out who are they associated with. Here is the challenges. There's no definition of where to go to start first to launch a business. The wrong formation, lot of people have to launch and grow your business. The challenges are my opinion why lot of people fail because they can't even agree upon a starting point.

I'm going to give you the best strategies that it encompasses all of this training between the interviews I've done with the attorneys, CPAs, financial people banking over the years and consolidated into the pattern that we would work with you to evaluate to give a decision for you that maybe the best. Keep in mind even though you are all in the nutrition niche, your situations maybe slightly different based upon factors like growth in net sales, what country you are from, Canada's different than the UK, so there's different strategies we have to look at. Let's talk about the best business structure and what comes into play and the factors you want to take a look at.

We have to look at your goals with the business. There's two fundamental strategies here. Number one is your strategy to retain the profits and grow the business and moving forward. That's a popular model. We will talk about a regular corporation in the United States. You many times would have a W2

salary. We will talk more about that in the US. Then you are looking for long-term growth for your company. You are going to grow your company. You are going to retain the profits and you are going to get bigger and bigger. It is almost like an annuity in financial services. Usually you are type of t-corp business and this has a little bit more overhead, less profits or there is a lower profit margin typically comes into play.

Then strategy number two which is very common. A lot of people say my goal is to really ... I want to earn more income personally, which we all do so I want to improve my lifestyle. I have some debt maybe that's accumulated from the past. I like to pay that down and in fact I'm quite behind on my retirement and I would like to accelerate that. That's a very common pattern. Typically if you are in that category, some businesses have lower overhead. Maybe a higher type profit and a lot of people want to have a structure where profits flow through and they pay tax once and they use the profits for these areas we just described.

These are the two strategies we look at when people come to US from all sorts of niches. We ask a series of question an interview process to chunk this down. Obviously sometimes as you can imagine it is a little overlap of each area. For an example, some people they have their main business and they want to have their profitability. They pay taxes once and they want to diversify and maybe they want to invest in real estate. Real estate would be in a separate bucket and in a separate legal entity. That's an example that may come into play as far as diversifying investments. Let's look at some other factors that come into play that we have to consider when we work with you.

Number one, we have to look at of course at taxes. Your goal is to overall pay the least amount in taxes between your home country. That's why you want to have your professional on board in your home country and then of course in the US, we want to minimize taxes. We want to look at what are the US tax treaties, how does that come into play? Am I going to be double taxed or do I just pay tax in the US and get a credit in my home country? That's going to be an important factor. We of course want to look at liability when we form a US company because we want to be able to separate your business and personal liability. That's why as we already mentioned we don't really want to be a sole proprietorship in the US. That's not a good choice.

Funding. Now you are internationally based so if you form the US Company, I've had people ask me, "Scott can I get funding?" The challenge with that honestly is if the owner of the company is foreign based they don't have any US social security number, personal credit, so funding options are limited. I know in this

niche specifically because of the training you are going through obviously you are going to sell finance the business, meaning your business the goal of the marketing strategy is to be profitable and successful and those profits are going to drive your growth. Funding really isn't necessary but these are some of the things we do look at overall.

Then we look at some audit risk for example. Again a reason not to be a sole proprietorship in the US is your profit or losses show up on what's called schedule C. Schedule C is the most audited form in the deck in the US, so we don't like you to necessarily do something that shows up on schedule C for the most part. Then we want to look at of course when you form a separate legal entity, it develops a certain branding and marketing advantage. Being a separate corporation or LLC sends a message you are serious about your business. You are not being a sole proprietorship. You invested to form an entity so from a branding point of view you are saying my goal is to be successful in what I'm doing.

These are factors that come into play and if you happen to be from the US and you are listening to this training, these are the factors would come into play for you also. Again if you are in the US, some of you probably likely started off as the sole proprietorship doing businesses in your own name. Some of you may already have a separate legal entity which we could review for you. Then we also have to bring up do you have partners? Are you solo? Many of you of course have a spouse or a partner. Could that be a partner? Yes it could. Is it necessary to have a partner in US? No it is not but that's a factor that comes into play when you work US.

A sole proprietorship means you are doing business in your own name in the United States and I know in other countries it's called the sole trader. In the US, it is called the sole proprietorship. Some of you may hear the term a DBA, which means doing business as. That's the most common when people start as Buck and I have already discussed, many of you may start off doing your business just from your company and your home country, get that up and running. Several of you going to decide, "Hey I want to just form a US company right from the get-go." Those are two common options but again we are not going to be forming US sole proprietorship.

We do do that in certain niches like tax lanes but in this niche, it doesn't make sense. Of course then we look at a US corporation then we look at a US LLC called a limited liability company. Those are the most common choices. Now for our Canadian friends, we also look at a US limited partnership or what's called a

LLLP and that just has to do with there is a unique tax treaty if somebody is looking to be an LLC with Canada, they don't respect the LLC of the flowthrough entity, so they will tax it twice. For Canadians, we do get into a slightly different discussion for them specifically which doesn't apply typically to people in Asia, the UK, or Australia.

There are other structures that we won't get into that get into real estate but this isn't the niche we are talking about, so we are not going to talk about that.

Buck: Okay so you are ... I'm leading the witness here, I was going to ask you other than Canadians let's say for Aussies and for our folks in the UK for example, would you be leaning towards the corporation?

Scott: Yes. It depends. I generally like the LLC says more flexibility because the LLC could be taxed as a corporation also. The LLC has a little bit more liability protection something we will get into in a minute but the corporation does the concerned in the state end of that, which we will talk about in a minute. We will talk about state also. Then it depends upon the strategy. Some people have a company in their foreign country and we talked before. We got on the training today Buck and we talked about some people may have a US corporation that might have a licensing agreement with their foreign company.

It is really managing the number. We get into a consultation situation, we address those areas and it depends what the current but it will be certainly in one of the two boxes, the corporation or the LLC. We just want to make sure it is complete. We will talk about that in a minute or two.

Buck: Are we going to talk about that licensing nuance just to plant the seed for folks or can I bring that up now?

Scott: Yeah go ahead and bring that up then we will ...

Buck: Yeah there is an interesting concept. Maybe this is something you could have as part of your discussion if you decide to talk to Scott is this concept of having two entities or the home country entity and the US entity. The US entity could be have license to market your product in the US but it doesn't actually own the brand. It doesn't own the intellectual property. The formula so to speak, the brand is owned by your home country entity. You have a US entity let's say it is the LLC operating as a corporation that has the ability to do the payment processing, distribution through a third party logistics company and other services that are provided by that US entity.

Most of the revenue actually flows back to your home country and doesn't remain in the US. The only thing that would be paid to the US entity would be just normal and customary fees for doing the marketing and processing the payments. That could do two things. It reduces your tax liability in the US anyway, which is going to be hopefully low to begin with but it's going to reduce it further and provides a nice mechanism to flow most of the revenue back to your home country. Did I state that correctly?

Scott: Yeah you did a great job of explaining that and Ill add a couple of distinctions is as you can imagine with any strategy, you got to take a step outside the box and say what would be a normal looking transaction if it was some other company? In other words, if you actually had a licensing agreement with another company what would that look like? Would you be paying a monthly licensing fee? What kind of an agreement would you have? is it easy to get one? Sure. You can find one online. Find a company that has a licensing agreement and say, "Hey can I take a look at yours and see what it says?"

In other words what I'm saying is some people will say that's a good idea they get busy and the end of the year comes and they have 200,000 in profit in their US company. They say "I'm going to charge a licensing fee for 195,000 in wire money" and that looks a little ...

Buck: That's suspicious, yeah. This has to be an ongoing normal operation thing.

Scott: Yeah exactly. Sometimes we forget that because we go "Jesus my company in the UK and it is my company in the US. What's the big deal?" Well technically it is a separate legal entity from you and we want them to operate as such. An easy way to look at it say if I was going to do this with other company what would that look like? It is very common too when we work with internet marketers. They develop the product. They are doing a big launch in the US and then of course they have the intellectual properties you are talking about. We have the same discussion. Then that's something that certainly can work as we just dot the I's and cross the T's.

Buck: I guess the lesson here is truly operate if you have a US entity; truly operate as a real entity that has normal operations those are well defined. If that's a licensing arrangement with the other company and the UK for example and that you are conducting business and your invoices are going back and forth between the two companies and payments and so forth to show that this is ... If you were ever audited in the US, everything would be up to snuff.

Scott: Yes. This isn't just an international thing. Of course we have US clients. It is almost like, "Jeez I have two corporations. Which one has more money in the bank account? I think I will write a check for here" and so at any level the goal is to be arm's length and treated as a separate legal entity and you will be in good shape moving forward. Very good point. Let's keep going down the path about which entity. As we talked about if we want to retain and grow profits, the c-corp could be a very good model. We talked about it or we could do an LLC taxed as a C-corp. We will talk about the difference in a moment.

This is where you could retain profits in the company. US C-corp by itself does have lower tax rates. It is usually used for growth and expansion. You would have the US federal tax returns called 1120 and giving an example, if you add 50,000 in profits in your US company after all your expenses, you would pay 15% federal taxes and if you are in a state like Nevada there's no state taxes, so that's a pretty low US tax rate. Now, obviously you are in different countries. I know that UK has pretty low corporate rates. Australia is little bit different and Canada is different so obviously you want to keep that into play because you are really deciding where do all of the profits end up that's going to allow me to pay the least in taxes, legally, ethically, and morally and then how do I go from there. that's the big picture.

If you have a US company you may have a W2. It is not required but that's something that if you paid yourself personally some people decide to do that. That's something that we work with our accounting team. They could discuss with you if that's a good strategy or not to have in place. Now, I won't go into detail. I just will tell you that every entity has pluses and minuses. We are just going to share a couple of thoughts. Of course we work with you to evaluate some of these things but there are some things to be aware of. There is potentially double taxation in the US C-corp meaning if you had profits in there for long period of time and then you wanted to take the money out personally then you would be taxed again.

Of course, there's strategies around it. The one that Buck and I already talked about. There's a certain amount of retained earnings. Some people will say, "What about Apple? They've got billions of dollars of profits in the retained earnings." They have reasons to have that much of retained earnings. You may not. There's just some rules in that. There is thing called controlled groups which won't really come into play for you because if you only have one US c-corp that won't come into play but it is more of a US strategy. There is something called the personal service corporation, personal holding corporation.

Neither of these are going to apply in your nutrition niche but sometimes they do come into play. Let's talk about the other strategy and approach you would be looking for lifestyle. You want to make more money personally and maybe work on your retirement. Again some of these things apply for talking to someone in US. If you are international, maybe slightly different. Lot of people in the US internationally will look at a flowthrough entity and that could be an LLC that would be either taxed as a partnership or disregarded entity. Now I didn't say an S corporation which is the flowthrough entity because if you are internationally based, you don't qualify to be a shareholder of an S corporation so that would be a mistake.

Obviously, if you are a US resident that would be different. There is no taxes paid at the entity level if you have a flowthrough entity. An LLC tax to the partnership would have an information return and LLC disregarded doesn't have any federal return for the LLC but there's just a personal return on the owner. Again LLC stands for limited liability company. Has a lot of flexibility, as we mentioned could be a partnership or disregarded. S-corp doesn't apply for non-US residents or you could be an LLC. It could be taxed as a C-corp. Here is the biggie that most people don't think about. They don't really know about. There's different operating agreements based upon how the LLC is taxed.

An LLC tax as a partnership has a different one than a single member LLC disregarded or one taxed as a C-corp and at NCP, we have different operating agreements based upon how to tax to match it so it is congruent which is very important. Most of the online companies don't do that. The LLC I'm going to show you a different slide in a moment, has something called the charging order protection which is very powerful and that's an added benefit that comes with LLC that doesn't necessarily come with a corporation. Taxes depend of course how the entity is taxed. We talked about that a little bit.

Some LLC concerns are how is it managed? The LLC, is it managed by managers or by members so that's something we would discuss with you when we set up LLC and what's better for you? As I mentioned, I want to make sure we get the correct operating agreement so we have to match the number of members. Is it just one owner or two and how does the LLC tax. Those two things [crosstalk 00:56:56].

Buck: Just to clarify here. Some people may not know this but a member is the actual owner shareholder or is the manager just a designated person, employee or something like that? Is that right?

Scott: Yeah exactly. The member would be the owner so if you have a US company and you are personally the owner you would be the member.

Buck: Quick question on this. As far as what you recommend? Let's say I have the foreign entity, let's say UK entity who is the named member? Is it the foreign entity or is it the individual?

Scott: Great question. It is the strategy question. Most common it's going to be the individual because they want to pay taxes and it depends of course. If it is an LLC, it depends with the flowthrough they want to pay taxes once and then have that money show up personally. Now again some people if they have a foreign company do we list the foreign company as the owner then the foreign company's earning income in the US then the foreign company has to file the US tax return we need a separate US EIN number. Now would that still strategy wise make sense? It may make sense. We just got to look at the numbers and we got to say basically where do you want the profit to end up?

You want in your right pocket or your left pocket? Can we talk about that based upon the situation and of course the numbers then that dictates the strategy. As you mentioned, managers a lot of people are familiar with the corporation. You have officers, directors, that kind of stuff. The manager runs day-to-day operations. Could you be both the manager and the member? Absolutely. Just like your corporation you can be the president, director, and the shareholder. Nothing wrong with that. We look at the taxation type when we look at LLC. We are going to talk about this thing called the charging order so we talk about liability for a moment.

This is pretty interesting because most people don't really think about this. You form a separate legal entity to separate your business and personal liability that is the advantage of doing that. Then of course you have to address what happens if your business ever got sued? Worst case you could lose the assets of the business. That's why if you have a company in your home country and it gets sued, it would be nice to have a US company which would be outside the jurisdiction of where you are at and that business would be protected. We address that. Same thing in the US. Some people might be in the auto business and they're going to work with you Buck in the nutrition business.

They are going to not probably not put all their eggs in basket and form a separate legal entity for the nutrition business. Very kind of straightforward. What most people forget about or they don't consider is what happens if I got sued personally? Now we have to look at this from both a US individual and a

foreign individual. For example, we had a person that called US years ago who had a California corporation and they owned the California corporation personally. They had a computer business worth 3 million out of a brick and mortar business, had it for 15 years.

The owner's 17 year old son got a DUI which stands on driving under influence basically that are drunk with alcohol. Unfortunately he got into a serious car accident. The person became a quadriplegic and of course they sued the family personally and they sued them for four million bucks. They had automobile insurance that covered a million and they were on hook for three million. Guess what's the most valuable personal asset that they had was this stock in their own company. Guess what happened? They just took the stock of the company and liquidated and they lost control of their entire business from a personal lawsuit unrelated to the operating business.

They probably should have looked at how they held their ownership structure a little bit differently. Now I will jump ahead because I know you what you are probably thinking if you are thinking and say, "Well I'm not in the US. If I'm in a foreign country, how do they sue me here?" Very good point. You are likely never to get sued if you are not here. Yeah if you come here to visit, could something happen but the odds are less likely for you. The good news is when we have an LLC and this points to the advantage many times to an LLC, not always, it has a built-in mechanism called the charging order which says if you go after the owner of an LLC you are limited to the charging order which means you would get access to distributions of profits when and if those distributions are made.

You don't get control of the ownership that controls all the assets in the income of the company if it was a regular corporation. The charging order is an extra layer of protection applies to LLCs and for sake of time, I could go into a lot of detailed court cases about single versus two member which I won't but if we go through an individual consultation, we will discuss that. There is an extra bonus let's say when you form an LLC. Now the good news is for those who when form a corporation and if we do it in Nevada, Nevada is the only state in the United States that has the charging order protection for a corporation. Most people don't know that.

That's just considered an added bonus that comes along with an LLC or a Nevada corporation.

Buck: No. I mentioned and I think we talked about this before. I have a couple of entities that are incorporated in Wyoming. One of the reasons I like that because I've had Nevada LLCs before. Nevada did a couple of things. One is their public record is pretty transparent. You could do a nominee director and try to keep your name off the public record but right now, if you don't do that your name just shows up on the website, on the secretary of state website. That was one thing ... Not that I'm trying to hide but I also don't like to make it easy for an ambulance chasing attorney to come and find me.

The other thing is that's true in states like Florida where it is very easy to find out information about who owns the company. The other thing is the fee structure in Nevada seems to have crept up in the last 8 years or so. It just keeps going up and up and up and up and I notice that now Wyoming seems to be a very good value. From a privacy and fee structure those were a couple of reasons why I had recommended Wyoming.

Scott: We will talk more about that in a minute and I will go over the fees. Those are very good points because Delaware comes up, Wyoming, Nevada. Those are the bit three that come up. We have to evaluate those pluses and minuses and as you said Buck those are some advantages to Wyoming in that situation is the fees. We have to look at what those are, so we are incorporating all the states. We address those things. We talk to each person individually but good point, so we will talk about that.

Buck: Not just your home state there. I'm sorry about that Scott. I'm sure there are good reasons to incorporate in Nevada. I'm learning a lot along with everyone else on this presentation.

Scott: No problem and I happen to love our state and all those guys probably. I'm from Minnesota originally. I love Minnesota, so not for taxes. All my brothers have businesses. They are moving to Florida. They like that better.

Buck: We are going to change your name to US Corporate Planners, so you don't have the full affinity with the Nevada but that's okay.

Scott: I will say and as you mentioned that we are going through a re-branding process and the reason is, we've had this name for years and years and you are right. It dictates "Oh you must favor Nevada." Honestly why we chose the name is because when we started there was so much marketing about Nevada and misinformation and how we gained an advantage. That advantage has for some reasons as you mentioned this appeared a little bit over the years and so ...

Buck: It is interesting maybe just to speak to this real quick but it has received a bit Nevada a little bit of bad rep because of “Hey this is the land cheats now. This is where everyone all the shady businesses are going to go and get incorporated.”

Scott: Yes. You come to Las Vegas we’ve got million dollar casinos. My wife works with Steve Wynn and we know a lot of people around town here and so you have that side of it but then you will say telemarketing scam businesses, same in Florida, Vegas does have a little bit in Nevada of that reputation and so what happens online is especially because our state is next to California. What happens is a lot of Californians by industry will market set up a Nevada Corporation to save on California taxes especially if you are in online business. It is a very interesting and there is a big distinction, a huge distinction between incorporating Nevada and move your California business to Nevada. It is a nine day difference.

Nevada has a development authority that actually has tour buses going through California with microphones, “Move your business to tax free Nevada” and that’s like open an office, hire employees, do all of that. What I mentioned at the beginning when I worked with Deloitte And Touche, I said to them, “Okay how does this really work? Okay you are in California. You have an internet business. You are online. You are in your pajamas on your computer. You could have a manufacturer in a different state. You could be operating this business from anywhere but you live in California. Can you have a Nevada company and not have to foreign register to pay California tax?” That was the rubber meets the road question.

Of course the question we wanted to ask was, “How does that unravel? How do you screw that one up?” Long story short was for example California does to make it really simple on their end is they’ll subpoena your business credit card. Let’s see you want to Starbucks in Los Angeles? You want to lunch in LA? You travel to San Diego. Most of your expenses are there and so on. We think you are in here than you are a resident there. We are the only ones when California people call us we will tell them you should foreign register to California.

Buck: That’s why you incorporated in Nevada or any other state for Californians?

Scott: Yeah exactly. You are in New York and you are going to do Wyoming and you live in New York and you have to take your Wyoming entity and foreign register in New York. Those things come into play and what happens is if any time we have a California account and they hear the word Nevada, they think automatically somebody is trying to save taxes and we share with them and the way we save taxes is by picking the right entity and then we work with the right tax firm and

we have the tax strategy but we definitely are going to foreign register and pay all the California's taxes. We are not trying to get around that.

Buck: Yeah that was brought up by couple of US members about that aspect of it.

Scott: Absolutely and again you hear aggressive stuff. Delaware is the same thing. If you are in Delaware you don't get a free pass. You have to foreign register in California too if you live there. Again we made a transition to US based people different than the international. Internationally you kind of have the advantage to Eeni Meeni Miini Moh let's pick a state and what are the pluses and minuses. That's a little different.

Buck: My big takeaway from the charging order is that the advantage of the LLC is protection if you had a personal lawsuit, if you were a US citizen and you got sued, you wouldn't be just giving up the shares of your C-corp because you lost a civil lawsuit.

Scott: Correct worst case scenario. Absolutely correct. You have an extra layer of protection. It makes it more difficult to go after it. Yeah added advantage. Okay let's talk about in LLC how its taxed? My favorite question ask somebody when they will say "Scott I formed an LLC" and I will say, "How did you choose to have it taxed?" Usually that's met with a long pause. "I'm not really sure. I formed an LLC." I said, "Well there are a couple of default rules and these were setup by the IRS in 1997 and do you have two members or one member?" "I just have one member." I said, "Did you make any other election to be taxed like C-corp if you are in US and S-corp?" "No I didn't." "Then you are going to be disregarded." "Oh I didn't know that."

If they say I have two members, I said, "By default you will be taxed to the partnerships." Those are what are called default rules which means if you don't do anything else and you file an LLC and you get a tax id number and either one or two members, that's going to automatically determine how are you going to be taxed?" It is really important. As I mentioned before we want to make sure the operating agreement matches how many members and how you are going to be taxed, so it is a different language. In both of these cases, in the US you are going to have a December 31st year end as far as taxes.

It is really important, if you work with us we have a tax bookkeeping service or if you work with another US accounting service, you definitely want to be on top of things going into November and December because guess what, your year end is going to end shortly. If you are going to have an expense to your foreign

company and your foreign country you want to do that obviously before December 31st the year ends, you want to know where your books are going to be going in November December. What are my expenses? What are my profits? Are you going to buy some little more inventory going into the end of the year.

Just an important tip to keep in mind that you might want to mark on your calendar to check in with your accounting firm in the month of November in case the year slides by pretty quickly which has the tendency to happen in life. We talked about the charging order, so this was the different way to look at it but we already covered that so I want to go through it. Let's talk about the checklist and I will keep this slide up for a couple of minutes. If you are going to form a US entity you want to have a consultation of course which is best for you. You want to establish a record book for the entity.

I know a lot of companies just do a filing online. That's not good enough. You want to make sure you have a US bank account. A tax id number, these days if you are foreign we have to fax it to the IRS and you have to wait four business days and then half the time they call back and say, "Can you fax it again?" Sometimes it turns into 10 or 15 business days to get it. If you are in the US, it is easier. We just get it online and get it in a few minutes. You want to have a US address and office and phone support for US business. An ITIN number. You may hear that term. That's the equivalent of a US social security number. That is going to be a pain when you file US taxes if US taxes are owed personally, that comes in at a personal level.

An ITIN number on the frontend is really difficult to get. We've done them in the past. In the past few years some banks have required that to have that number. Currently the banks we work with do not require that which is a good thing. Of course you want some US tax support to make sure you are in compliance with your entity and personally with the IRS here in the US. Obviously sales tax support, if you have a product as you do in the nutrition business. Some of you maybe actually interested in the US immigration L1 visas. We have done a webinar and a training with an immigration firm.

We break down step by step what happens in this area and we also, if you come to the US to do training as they will with you Buck what do you say at the border? We kind of cover all that good stuff. That's the things that we go through. Of course you want some tools and resources for support and the back end really a knowledgeable customer service team. What we do every week in our office every Monday we have an hour and half training and we go through everything from what's happening. It could be taxes are coming up or visit what's

happening, the time of the month, any distinction with LLC's corporation that our team needs to be aware of. Obviously there are different strategic alliances, things of that nature.

Buck: You bring up an interesting off topic question here with respect to visas. If I'm a non-US citizen and I launched this company here in the US and it is doing well and it is distributing products and it has got licensing agreement maybe with my home country entity and things are going smashingly well. Could I use that entity in the US to request that I come and live and work in the US to support that company from a visa standpoint?

Scott: Really important and so if it is okay let's take a minute or two and I know we've covered quite a bit but this is really important, to make sure we are clear on this one. Step one, let's say you are in the UK and I know we've used UK a lot so I was [crosstalk 01:15:06] with different countries and we will about different countries. You certainly can be in your home country, have a US company and you don't need a US work visa. That's not required from a US company. That's step one. Step two comes into play is really is I'm going to travel to the US. Then the question becomes, what's the purpose of you going to the US? Is it your home country? Your UK or Singapore company is sending to US for training, not a problem.

Are you going to the US to visit? Not a problem. Here is where it crosses the line little bit. Are you going to the US for your US business and you are doing work in the US and you are going to be here for a couple of months, that's where you trip the wire to what's your US work visa, which you probably don't have one in the moment. I've interviewed a couple of attorneys on this and really as you want to frame it as you are coming to the US either by your home country or you are coming to visit, yes part of it maybe you are coming for your US business but that's something that won't be a primary purpose. Now some people will say, "Hey Scott, I'd like to get a place in US. I've lot of clients. I have condos in Vegas down in this trip."

They love to come to Vegas. The great international destination and they want to come and be here for a couple of months. You know what? What's the easiest visa to get? An L1 visa is very easy to get, especially if you have a company in your home country and you have a similar business in the US which is obviously if you are in the nutrition niche that would be fairly simple. L1 visa is really not that expensive. Maybe about 3500 bucks. Guess what there is an advantage that some people will say, "You know you've been in business for

over a year in the US, you get like a three year pass to go back and forth whenever you want.”

Buck: Hold on a second. You could actually reside in the US for three years at a time without having to leave or ...

Scott: There's a certain amount of days and there's certain different rules but you could come here for several months at a time and never have an issue and go back and come back for several more months. Those kind of things with an L1 visa those kind of things with an L1 visa because you are kind of going back and forth. You will never be questioned not an issue that kind of thing. Then you move up the scale of course to different visas, green cards. Australia has an E3 visa specifically for Australia that's really easy. The good news is we have training on these things, where I have interviewed a couple of immigration people and so if that's an interest of yours.

Buck: I guess my short question is does having the entity potentially make it easier for someone that would like to stay in the US for an extended period of time and maybe work here let's say over a year. Does that make that process easier for them?

Scott: Yeah absolutely. That's a huge advantage to have a US business. To put you into that category of having some type of business visa absolutely.

Buck: Great perfect.

Scott: That's another big advantage. On the bottom here what I've done for you we won't talk about it too much but some people say whether there's a tax treaty with my country? This is a budurls are redirecting so you don't want to put in www or worldwide. You got to put in <http://budurl.com/ustaxtreaties>. That will take you to the IRS website and you can scroll down and look at your country. If there isn't a tax treaty with your country it is not like that's a big issue. It's just one of the things we talk about when we form your country. I just thought I will give that as a resource for those of you who would like to dive into something and they always say if you have problems sleeping at night, just read the tax code. That will put you to sleep in a hurry, so it is a good recipe for sleeping but in other words, it gets a little technical but the good news is we work with tax people that can simplify it for you.

Let's talk about US banking, everybody's favorite subject and in a way that is challenging. I know Buck you've gotten this quite a bit. How do I set up US bank

account is it possible? Do I need to come here and all that good stuff? Let me attempt to simplify it for you. From a general point of view the question is of course do you have to come here in person and the general banking answer and then you have to bear with me for a moment but I'm going to give you the general banking answer is yes. You are required to come here to the US to be seen in person all the stuff from the patriot act and 9/11 and all that good stuff because the banks have a fiduciary responsibility, they know that client and all that good stuff because they have a liability and blah-blah-blah.

That's the general rule of thumb but life as you know is about relationships and when you have relationships with the right people in right situations, they have differences. When you work with NCP, you don't have to come here to the US that's the good news and you might say how is that possible. I will explain a little bit of how that's possible for us is I have a mentor, business mentor in Israel who has been in the business for 60 years. He has ran companies in 13 different countries around the world. When I brought this up years ago, I needed a resource and he knows everybody at a high level it seems.

He referred me to a senior partner one of the biggest law firms in New York and the world. His law partner brought business into China originally in the 70s. he has done a billion dollar merger and acquisitions, so it was neat because my mentor gave me his direct phone line which I thought that was special, so I called him up and talked to Michael. I said, "Michael here is our challenge and US bank accounts and do you know anybody at HSBC or Citibank or Wells Fargo in the US that might be able to help us out?"

He goes, "Scott our firm represents all three of those banks in the United States. Would it be helpful if I refer you directly to the international division the head of that." I'm like thinking, "This is like I won the lottery today." Long story short for three years we worked with the international division out of New York. We have a very specific contact. Citibank is one that we were with. Citibank used to allow you to go to other countries and be notified. Now they don't anymore except if you know who we know. It is just a way life works. That's a resource. Now I will tell you with banking, that could change soon. It has changed over the years. My representative I had with Citibank, guess what, she retired in august.

I got a two-week notice. I wasn't happy but she referred me to the head of the international division in Asia for Citibank and now we work with our partner. We delegated it and I two weeks ago wrote an outline to simplify the whole process for Citibank because I want to make as turnkey as possible so our volume of referrals become simplified. Again, we also have a reference to open a US

personal account. Sometimes people will do a single member LLC disregarded and we open up a personal bank account. We do have the ability do that without coming here. Again, could that be different in three months from now? Yes it could be different. Worst case scenario would you maybe have to come here in the future? Possibly.

Is that the worst thing? Come to Las Vegas. Go to another training event with Buck. Nothing wrong with that. Obviously we like to do the convenient approach and so currently that's the status of US banking. Buck any thoughts on that part or ...

Buck: No I'm actually very pleased to hear that you are dealing with big banks that have branches all over the world. Certainly in places like we keep picking on the UK and Australia but certainly places like that and other countries, you should be able to go into a branch and get the identity checked on that you need to have done.

Scott: Just as a disclaimer just because you heard that from Buck and I, if you went to Citibank and said, "Could I do that?" Don't be surprised if the answer is going to be no. It absolutely will be no. Even when we work with you have an outline, we tell you how to language it, what to do, the sequence of events because trust me you could blow it on your own. I'm not saying that "Hey that's the reason you've got to work with us," but hey it is all about relationships and who is willing and when I work with a bank [especially 01:24:12] I'm really nice, generally very nice to begin with but I'm extra nice because I know this is not something they really have to do for us. I know most of their clients are doing 100 million dollar transactions and our clients might be a little different.

The good news is the previous person loved me there and so we had a great relationship so they are honoring that relationship which is nice. Just when in doubt always be nice, it goes a lot further in life.

Buck: I love taking advantage of legal loopholes whenever possible. Ethical and legal loopholes are always good.

Scott: Again I could do a whole training on banking and how they do and blah-blah-blah, we won't go into more of that. A lot of people, I do want to bring this up. You may have a false sense of security meaning some of you especially in the US international may already have a US company set up. Some you may have done this route which is very common. You may already have an entity. When I interviewed Lee Phillips, he is an attorney from Utah. He's represented

counselor. He is a counselor to the US supreme court of course at the highest level and he has been involved in a lot of litigation.

This is the guy in the trenches as representing people, suing other businesses and I asked them the question what would happen to lot of people that go online and get these \$99 incorporating packages. He said, "Scott, most entities would provide no protection." Now this next quote is from him, not from me. He used the language legaldoom cheap online services. I didn't say that. That's the quote from him saying that it could cause real challenges and we have to talk about marketing for a moment. Actually taking a step sideways, legaldoom does a very good job in what they do. They are a document filing company.

Now lot of companies like them they have what's called the tripwire approach. In marketing a tripwire is a good thing. A tripwire is you have a low price offer to get somebody in the door to experience your product or service and hopefully they have a great experience and they are 10 times more likely to buy your next product or service. Everybody should have some kind of a tripwire. My challenge in this area is when your tripwire ... I will cover this in another slide or two is it will be like selling you a car with no brakes. The challenge is some people will say I need a bank account so I need a LLC and a tax id number. What is the cheapest way I can do that?

Then later on I will get back to the other stuff. These companies they do have the other services but if you don't upgrade and know which ones to add on, and you forget about it and you ever get challenged in the future that's where Lee says you have no protection because they don't do the upgrades in all the things you are supposed to do. That's basically the challenge. We want to avoid that or that's what I call the Band-Aid approach to do parts and pieces or trying to fix things, they put Band-Aids on it. It usually ends up being costly. Now there's always the story of somebody I had it for years, I didn't have a problem. My neighbor had it for years. It just haven't been challenged yet.

One of the law firm in our building upstairs, I talked to one of the asset protection attorneys the other day. He said, "Scott I have a doctor, neighbor, friend." That sounds like a triple challenge but he said he wanted to form an entity for his new business, my attorney buddy suggested of course he form a new entity and the doctor said, "You know what? I got one I've had in the past. I will just use that one." He said, "Really are you kidding? It is only like a few hundred bucks." "Nah, I will just use this one." Sure enough like a year later, some litigation from the past showed up after they made a bunch of profits and

Rob my buddy said he spent \$200,000 in legal fees setting aside that lawsuit over a year and half period of time. That was one expensive entity he set up.

We want to avoid that in all cost. Now some of you are going to work with us. You may have an entity in place and you may have gotten everything set up properly. You may have done it online somewhere else. You may have done all the steps wonderful if that's the case not a problem. I just want you to be aware of the marketing strategy approach to make sure you are setup properly. That's the key. Another question comes up, how do I take my profits out of the US? Especially if you have a C-corp that's not a flowthrough. You could do US payroll. We have payroll services. You could pay yourself in US. You would pay US personal taxes and depending upon your country most cases you would get a credit in your home country.

Corporation could have a dividend in the US and that's not deductible the corporations, we have to keep that in mind. Again these are things you work with our tax professional. You could as we talked about having expense to your home country like a licensing or consulting or marketing fee. Even you could have an independent contractor to your company in the US. These are common areas that come into play that when you work with us, we get into more detail.

Buck: Scott, what we were talking about earlier was the expense to your home country entity.

Scott: Yeah that's probably the most common strategy that comes into play if you have a US corporation. Again doing at arm's length would come into play so let's talk a little bit about and of course you couldn't leave the profits in the US company because you are going to need some and moving forward that's another common area. Let's talk a little bit about the IRS, US taxes, then we will come back to a full circle to ... We will cover what are some of the annual fees and how we can support you and bring it home after that. Let's talk about the number one tax myth in the US. The number one Tax myth in the US.

This is a very interesting belief system and most people are really shocked when they hear this. First, Americans overpay their taxes by a staggering number and you can yourself probably guess that number might be but it is over a 150 billion dollars a year in the US people over pay their tax personally and corporately and the belief system is my account or spouse takes care of my taxes. See even if you work with our CPAs, their job is to do your tax return, prepare your tax return, submit your tax return, based upon the data. Will they give you some

suggestions, yes, but that's the rule, so this is quoted by a famous tax attorney CPA Sandy Bodkin about US taxes.

Sandy was the former chief audit on the chief audit council of the IRS years ago. He is responsible for developing more tax revenue to the IRS' favor than anybody in history. He left that position over 20 years ago. Now he trains US businesses how to maximize their meals, travel, and entertainment expenses so they can proactively understand what are some of the strategies to maximize US taxes. In fact when you set up a US company with us, you will get training provided by Sandy on how to do that. You know how to participate in your own rescue. Let's call it that way. Really important to make sure we maximize your US expenses and also we do proper documentation. We will make that easier for you when you work with us.

Just very important take a look at that. Let's talk very briefly about which state is best. We talked about some of the common options. Wyoming comes into play. As you've already mentioned Buck Wyoming does have lower fees. They are a state you are not required if you form an LLC to list the name of the manager in state records. A lot of times it could be an option. Many times we do which we will share with you in a minute, have a preference to Nevada but it could be an option. That's one category. Some people look at Delaware in the US. very popular for public companies. Most of you probably 99.9% are going to be going public. Delaware has better minority rights for shareholders that's why that comes into play but we get some tech companies come to us and we do look at Delaware but most of you that may not be an option necessarily but that's certainly is one of the categories.

Then we talk about Nevada. Nevada we are going to talk about in a minute about the advantages of Nevada and that's a very common choice also. Nevada has some advantages and there's something called ...

Buck: We are going to have a bunch of people sending me emails saying why was there a big red X over Wyoming so I know you have a favoritism for Nevada, so a full disclosure but there are folks that maybe either have set up or in the process of setting up in Nevada so I just want to make sure that you'll be able to help those folks as well.

Scott: Absolutely and so let me go back and say, I'm talking about fine distinction. If you are in any one of these three states, you are in good shape. That's very clear. You are in good shape. If some reason you pick California, it's like we are going to probably dissolve that and start over unless you are a US resident and I

had people before in the past they begin an address in California and I go, what are you doing? We don't want to have nexus in California. If you are in any one of those three states you are in good shape, we just want to point out there is slight distinction.

Yes if you are a Wyoming LLC there is no need to panic. You got a good state. If you are a Delaware entity, there is no need to panic that kind of a thing. We are talking about little, slight distinction especially moving forward if you have a choice. Nevada and so you have filled out some of the options and so Nevada, if you form any entity whether it is Wyoming, Delaware, Nevada, California, South Dakota, whatever. We talk about something called the circle of liability. If you start off in life as a sole proprietorship which we already are clear we are not recommending but a lot of people in business start off that way. You have unlimited personal liability.

Lot of people don't consider the fact that if you get sued personally you can do any financing because every financial application will have the question are you currently involved in a lawsuit? For people in the US you might have neighbors and friends and business partners that are sole proprietorships and I've seen people get sued and they were in the middle of refinancing a house and that stopped that program immediately because nobody wants to lend you money for your suit personally because guess what? If you lose and get a judgment maybe you can't pay off the loan. There's many reasons why you don't want to be a sole proprietorship. We've cleared that up so you form a separate legal entity.

Now the day you start your separate legal entity you get this wonderful layer of protection. You get the entity is separate from you, so if something happens to the entity it shouldn't blend over into you but the challenge is most of you don't realize when you operate the entity from day two, three, four and on there's some things you have to do to make sure you keep that separate layer of protection moving forward. If you don't do those things, somebody could do what's called pierce the entity veil which means go through it, set it aside and go after you personally or whoever the owner is.

For example you want to avoid comingling funds so if your US company has money and you don't personally you don't really want to use the business credit card or debit card to pay for personal items. If you want to buy stuff personally, you want to get money out of your personal account and buy those things. We know that in life we all get busy. Sometimes we get a little bit lazy in moments and we do what's easiest and sometimes it is a mistake. You reach in your pocket

and you grab the wrong credit card and we've all probably done that at times. If you do once or twice, not a big deal. You still want to do that on a consistent basis.

Also the big one is why you need an LLC or corporate record book with minutes, meetings and resolution and formalities and even for LLCs we do formalities based upon court cases we hired an attorney to research over ten years ago. That if you don't do the formalities on an ongoing basis, some basic requirements somebody could challenge your entity and say you didn't do it properly. When we do it for you we make it really simple. We will talk about that in a couple of minutes. If you have an entity you don't operate it properly, again someone suing the entity like Lee Phillips does with the \$99 stuff, they just go right through and go after you. Nevada is the hardest state in the country to do what's called pierce the entity veil, has the highest standard.

You have to prove outright fraud. In fact there's been cases where people have commingled funds, not done the minutes resolutions and they still protected the entity veil because there was no fraud involved. Obviously to commit fraud you are screwed so we are not recommending that of course so Nevada really protects the entity veil better than other states. Now, if you are in the US, we have to look at the strategy you have to foreign register. The basic answer is if you are in example the nutrition business and let's say we form a Nevada or Wyoming company, you are not going to have to foreign register because you don't have offices in different states.

Now if you are in the US and we formed as we mentioned earlier a Wyoming or Nevada company and you live in California yes we are going to be looking at foreign registering qualifying to do business in that particular state if that comes up. Now Nevada also protects the board of directors if the corporation or the managers and officers also at a higher degree and other states again. Doesn't mean Delaware or Wyoming is like the lowest level. It has very good protection. Nevada just has this little extra layer of protection. That's why there is this slight edge to Nevada.

Now of course a lot of people want to say that Nevada like Wyoming has no state income taxes that's very positive. Does it apply to you? If you are outside the US, yes it applies to you because you are not here. Now if you are in the US and for example, if you are in California and you form a Wyoming or Nevada entity yes conservatively you should be foreign qualified to do business in California. Then you would end up paying taxes there. That's why sometimes

your California council have a stroke when you say I formed a Nevada entity or Wyoming. They just think you are doing it to save taxes.

Those things need to just be aware of that. Now let's talk about setting up a real US business versus what I call the illusion of the US business and this is interesting because I know when you fill out applications, whether it is merchant account, bank account, some of these on Amazon. Every service PayPal something, they have different levels of nuances of looking deeper into your company. How deep do they look at the address? Is it a PO box? Is it a UPS store? Is it a real office? Do they have a lease agreement? Do you have an utility bill? Guess what? Some of those areas you could ... I won't say that. That was a little bit aggressive.

You could put whatever address you want from your PO Box to even UPS store address and it would be quite fine but there's going to be some areas that are going to say, "You know what? That's just a PO box that's not good enough." We want to go through what would check all the boxes and so just a PO box only is not a good idea. When you work with us, we have a physical street address to a real address and a PO Box. You can have both. You want to avoid that and you want to have a physical address with a lease agreement makes sense. Are you leasing office space at 800 bucks a month at 900 dollars a year? No you are not. It is very inexpensive.

You just got to have something ... There is a saying in life that simplifies it. it looks like a duck, quacks like a duck, it is probably a duck. We want to go right down that line. Some people have a virtual phone number, yeah and there is lots of those and they are really convenient. Nothing wrong if you have one of those but does it look a little bit better if you have a real US phone number. Maybe it is actually answered by real people? That looks better. You might be saying, "Scott in my business that's not necessary. I don't need one of those." I'm not necessarily concerned that your customers are going to be calling which could happen and that happens to us with a lot of foreign clients we have.

They do call our office and we have phone numbers set up in the company name but it looks better. Some people have a voicemail only. It is certainly much better to have a live customer service support that again it looks like a real company these things come into play. Now when you have a business office location, least agreement is important, I would recommend against just a PO Box. Just like we talked earlier. Could you get started with some basic things? Yes you could but when you get to the point that we form an entity, you want to do it officially.

Do you need office space? You might be saying, “Scott I’m never going to come there. I’m not going to have clients come. Why would I need that?” If you can get office space with basically not having to pay for it and that would be ideal. A real phone number is helpful. Again mail forwarding support, live staff as we talked about. That’s important. Those things come into play. Now we covered banking a little bit already so we are not going to go into more detail than that just for the sake of time, so we talked about that. I’m going to cover something that Buck we brought up earlier, just a little bit about Amazon.

Buck: Getting back to the points that you made about having that real presence, it also lends itself well. For example, if you had a US based advertising account say with Google or Facebook for example and you have a reviewer coming and looking at your website, your landing page and trying to assess whether or not you are a real company, those kinds of things also assist you in other ways beyond just the customer trust issue but also when you are dealing with advertising partners. Google compliance reviewer is coming in. They see you have a PO Box or they see you have a Google voice number because they could probably check to see if it is a Google voice number or not as opposed to another type of number.

For example, having an 800 number also tends to give you the sense that you have your real company, not a fly-by-night operation.

Scott: Yeah absolutely. It adds credibility too and it is a very important thing. We’ve had recently last month we had a client who was international and they have a phone number to our office. They were expecting a call from one of those types of ... At the moment I can’t remember if it was PayPal or like an advertising and they wanted to verify and talk to an office manager in the office in the US. They won’t open the account till that happened and of course that’s what we do. We just scheduled a call to talk to him and fine open the account, went to the next step.

Those things do come into play. Again, on the surface a lot of people say while I’m filling out this form it is all they need, so I will just get this. Our job is to anticipate and the goal is to minimize the cost give you the best value for the lowest cost that will cross check as many boxes off as necessary if you’d operate in the US.

Buck: Can they come and hang out at your backyard barbeques too? You have any extra services you offer Scott?

Scott: They'll say, "Hey I'm coming to town can you get me tickets for this and tickets for that?"

Buck: Oh yes, [Salene 01:45:02]. That's right. I forgot. You have the in.

Scott: Yeah and truth be told with that what happens and I've done that for lot of people because what's great was Salene is amazing to work for a life and they throw great work parties and once a while they actually let the spouses come which is a nice bonus and what happens is you have corporate events. Guess what, some people cancel and they will go and say we have 100 tickets for tonight and they will go to their staff of 70 and all the players in the backstage and first come first serve. I think everybody in my neighborhood are friends and family and just about everything several clients have been to the show because it is random and it does happen.

There's always those kind of fun things, like I said nothing wrong with coming to Las Vegas to visit but obviously its ... Some people say how could you live there? For me it's like just probably people in Disneyland. It is in a Disneyland for adults. I live in a community. My kids go to class like everybody else do. We have family members. I don't go down the strip very often.

Buck: They have real families in Las Vegas?

Scott: I know it's hard to believe it. [Crosstalk 01:46:12] what casino do you live in?

Buck: Your daughters not work in the crafts table? I don't know.

Scott: Exactly. What casino do you work for? Well it is kind of like this and I usually have my series of smart alec answers when I get with those which is always fun but yeah it is interesting because I grew up in a conservative Minnesota that I never thought I would live in "sin city" but my wife and with Las Vegas just like people 20 years ago never thought of world class shopping, restaurants. Now the arts are big community that's we support a lot. My wife does a lot of work in the school districts to help the kids from a music education, develop the other side of the brain.

Buck: Well the Health Profits community loves Las Vegas because that's where we have the supply site west show which is the largest ingredient mecca for dietary supplement companies to come in there and meet with ingredient suppliers, manufacturers, science advisors, formulators, every one you would need to have a business relationship with to launch a company.

Scott: Fabulous. Obviously it is an incredible place to come do all those things. Absolutely. I love it here.

Buck: I know we are getting close to the end of our session here but I want to make sure we get to this bonus training, what have you got for us?

Scott: We are going to cover some bonus training and I will cover a couple of ways we can help you out and I will give you a way how to contact us and we will go through some of this quickly but I want to cover ... We actually talked about this early on so I will go through this quickly but I just have to do a quick summary about sales tax. As I mentioned before sales tax audits can catch up to you 6 to 7 years later, so it is not a good thing. We have to look at nexus. Where is your business presence which means if you form a Nevada company you have nexus in Nevada. Office nexus that's the other state of your nexus and again if you have office here in Nevada that's where you have nexus and we have to look at physical nexus.

Where is your inventory? What state? We talked about if you are an Amazon FBA and you have inventory in two or three states you would have a sales tax number in two or three different states that comes into play. Agency nexus happens to come into play when who is fulfilling and an example of Amazon. If Amazon is fulfilling for you, they are providing agency nexus. Now here is the distinction that's really important. Physical and agency nexus go together. When some people will say well because I'm with Amazon and they are in 15 states and my stuff could be in one of those 15 states, so I automatically have to get sales tax numbers in 15 states actually.

Actually it is 14 because Delaware doesn't have a sales tax so the answer is no because you have to have your stuff in one of those states and when the two go together then that's when you need the sales tax number. That probably simplifies ...

Buck: That greatly simplifies because I know you don't need to have your product in all of their fulfillment centers. I know that if you want to do a two-day ship or they probably required you to be in more than one of their centers but from my experience, I think the max we have to do is two or three. Fulfillment center is not 14 and certainly not more than 3.

Scott: Yeah it simplifies it and they are capable of moving your stuff around based upon what suits them but generally that will get up and running how that works. We talked about the FBA and how that works. Let's talk for a minute about some

annual fees. We brought this up earlier. Fees can range from which state, from 50 buck state, 100, Nevada as you mentioned their annual fee is 325. Wyoming is 50. They have a formula for it. Delaware is 50 plus. They have an annual report for 175. Just to give you a couple of ideas. California of course if you are here in the US, they have an 800 dollar franchise tax in a statement of information that comes into play, so it just tells you what happens if you live there.

In California it is one of those things, cost to doing business. Some people love the beach, the coast and all that good stuff. Tax and bookkeeping support. A US tax return for a business could be anywhere from 400 to 12000 dollars to give you an idea. US personal tax return could be 150 to 350 to give you a range. Depends on who you are working for, the quality of expertise all those kind of things. Obviously you have bookkeeping and support. Some people will do their own bookkeeping update the number. Some people will say "You know I want to delegate this to somebody that could be done in either case."

We have services for all the above and we talked about which state and entity is the best. The simple answer is when you work with US we go through a diagnostic session as part of our package to help you determine which state and entity is best. That's included in what we do and we review the situation based to accomplish your goal. It is not something you need the answers ahead of time. We want to give you an overview of training and some of the pluses and minuses.

When you work with us, each situation is slightly different. Our process is we pick a package, you make the investment and then we schedule the next step as the call a day or two later. Then we drill down into which entity would be best for you. Let me just go through a couple of things if you form an entity with us what a complete formation looks like. We will pick an entity. If you are in the US to be in your home state or LLC or corporation we will pick the state. We will do that consultation. We will check the name availability in the state and actually at the federal trademark office too, so we are not obviously violating some of these trademarks.

We will prepare and follow the articles. We act as registered agent which is the contact point here in the US. We do the record book and the complete record book. We are just page numbered. We have instructions throughout. We have every underline has a parenthesis what goes into blank. Then I have a video on our members area of each section step by step to watch a video, how to fill it out. We will obtain your federal tax id number. If you are in the US and you are an S-corp we will get the 2553. If you are outside the US that form is not

required. We will ship the record book to you. We also do business credit compliance which comes into play for US customers.

You have unlimited phone and email support, Skype of course if you are international we do that for you. We also help you with compliance . As I mentioned we had videos on our members for the record book on step of the process. We have FAQs and audio to keep it really simple. We do entity compliance training for you. We have resolutions you can download to add to your record book if needed. We do training on everything from payroll to intellectual property, to immigration. We also have some tax tips that's included, funding and we have a section called NCP members you will get access to.

That's part of what we do. We give you check lists to make it simple. If you are going to be for example an LLC you have to foreign register in a different state. We provide a check list of what you have to do for that. Some of you maybe starting off as US say maybe a sole proprietorship. We have a 22 point checklist to transition into a separate legal entity if that falls into your situation to really simplify it. We do a fast-starts online training. It is recorded training similar to this. We talk about capitalization your new entity. If you wire money internationally, what does that mean? How to issue the membership certificate, who the owners are? How to do that transition from the sole proprietorship?

When and how to pay yourself? How to protect other investments if you have them in the US, resources at each step to make it really easier. It is available every day of the week. You just opt-in and watch the training. It is over two hours. It is step-by-step very detailed. When we form a complete US entity we will add the office, the address, the mail and phone support. We set up the US bank account. We ship your record book internationally and we have some US tax training for you. The US company formation starts at \$1297 plus state fees and there is a monthly fee for the office support. You can actually make two payments if you want.

If you want to get an extra discount, you want to pay for the office upfront we can do that. That gives you an idea of some numbers as far as capital.

Buck: Yeah what's the approximate cost for the office Scott?

Scott: Our office for the year annually to provide the lease agreement, the physical, the PO box. We actually set up a phone number that we answer and to forward mail on a weekly basis, it is \$1695. The mail deposit is 300 so we realize there are other things that are little bit less than that but they don't do all those things.

That's included and we do have payment options. We have up to a three year lease if you want to save 25% and you can actually pay month by month. We have some support but our staff is well trained. Whether it is the hopefully god forbid the sales tax department shows up like they did yesterday or it's a client calling.

You'd be surprised that some people actually come visit once in a while so that gives you an idea how that works. We package it together to give you an extra discount too on everything we talk about. We've had couple of clients. We've had Chris Freville in the internet marketing space UK. He says Scott took me through absolutely everything that was needed to be done to set up a US corporation. He answered all my questions and made sure that I was up-to-date, understanding the whole process from start to finish in the United States.

Dean, a very successful entrepreneur from Australia, I definitely suggest working with Scott and his team. They are switched on, I think that's an Aussie term. They really know what they are doing. They got a huge amount of resources to even help launch your business online also. We have dozens and dozens actually 100s of these online. You can look at our website. The next step if you want to work with US to schedule consultation with our team, just go to this URL, again it is a budurl. It is <http://budurl.com/hpconsult> (for health profits).

Buck: I will have a link to this below this video in the members area, so it wil make it easy for folks.

Scott: Yeah wonderful. You go in there you will just optin with your information, you will actually have an email that will go to you, it gives you an opportunity to schedule an appointment on a calendar. We are in Pacific Time in the US and there will be a couple of options there for you to schedule that or you could send us an email or call us of course to work with us. Just go there, you can set an appointment to establish a complete formation. We will take it through the whole process. Obviously you will have a few questions we will be more than happy to clarify. That's the frontend. When you work with our team, it is like clockwork. We follow up on everything.

There is an email system. We have videos on almost every form to make it really simple for you. Buck, I think we covered a lot but any other final questions that come to mind?

Buck: Couple of things that are interesting about this is is it strikes me as that this is very consultative. Speaking to your first point. It sounds like this is not a one-size

fits all scenario and that you have a process that you interview them and figure out what is the best structure and the approach for their scenario. Is that right?

Scott: Yeah absolutely. It is not cookie cutter. We don't throw everything here. You need and everybody needs a corp and a lot of people do it that way. We want you to ... Because we've worked with many of your members and sometimes the numbers are different. People's situations are different, some people are in Canada so that could be different so we have to look at strategy, so definitely a very consultative approach.

Buck: Some of them may have already run and set up an entity, maybe even a Wyoming entity. Can you still work with them if they need some assistance and fine tuning what they've done?

Scott: Yeah absolutely. They can certainly opt-in register and we will talk to them. We can take a look at what they've done to see what may need to be done to put the other parts and pieces in place for them moving forward so certainly we can help in that situation also.

Buck: Just to reiterate, at this point in time, obviously this may change in the future they could get the address the entity, the bank account, all without setting foot in the United States as long as they have a branch of the banks you work with in their region. Is that right?

Scott: That is correct.

Buck: The other thing that also struck me about this is that you have a variety of partners you mentioned the one that has specific expertise that relates to taxation and say Amazon that are part of your eco-system is that you'd bring them in as necessary to help these folks out.

Scott: Yeah absolutely and just for the sake of slides, I had a slide I go through here's half a dozen partners we work with and so yeah, so for example it has come up a couple of times. Not necessary of course. Some people said should I trademark my name. You have an option and we always have a couple of resources. We have a service that will do it. Here is their price. If you want to work directly with the law firm here is what we recommend because over the years we have worked with so many business owners and we know the best of the best. Of course over the years we have to weed through a couple of people that didn't produce the results.

Just we want to make sure they follow through do a great job but always ask if you could always say, do you know anybody that can help in this area. Do you have a recommendation? Never it's a good idea to guess or just go online and hopefully you get somebody that might do a good job. Always check with US first.

Buck: I really appreciate that. Even if it's something that you couldn't help them out with directly in your business if you can refer them to the right person that would be a big help.

Scott: Absolutely.

Buck: Correct me, you said you could get them two free tickets to Salene any time they are in town?

Scott: Yeah I think you heard that one incorrect. Based upon a couple of factors [crosstalk 02:00:53].

Buck: I thought I would try.

Scott: B, do they have tickets available at night all those good things but yes there are always opportunities and options, so it is a great place to come and ...

Buck: I didn't know if you are running a sideline ticket scalping business.

Scott: Yeah and there's services that scalping part I would take out but there are services that I was at a high end business luncheon and the guy doing the presentation says I can get a ticket for anything because I don't care if it is a last minute sold out. There's these groups that they have tickets for anything. Of course now you are going to pay the price for them but that's what they do. They have all these incredible VIP services here in Las Vegas.

My wife works a little bit more in that industry so we just went to a show the other night. It's like "Hey free tickets you want to go?" I have seen lots of good stuff. I got to work on more getting treats off to great restaurants. That would be my next thing yeah that would be ideal but yeah the thought has occurred to the whole VIP come to Las Vegas treatment kind of included. If we get enough to man that there certainly could be things put together for that.

Buck: The last point I want to make in all this is and this was brought up by one of our members as they were thinking about gee, merchant account US versus not in

the US. You show that number which was I think \$200,000 and if you are paying an extra 2% for international processing, if you are at scale, \$200,000 is 2.4 million in revenue annually. Even if you are at \$100,000 which would be 1.2 million you are spending an extra is that 2000 dollars a month, \$24000 a year.

Scott: I was just looking if you did 200,000 annually we are talking 4 grand by the year. That would pay for your entire US setup, the accounting, the taxes, the whole thing.

Buck: I'm thinking that people are setting their sights much higher I think in the Health Profits community. I'm sure they are all looking at multi-six figure or multi-seven figure or greater businesses, so then you are talking serious profit loss as a result of even just having an extra point or two in discount for your merchant processing fees. Again that saving you would by having the entity the cost of running that entity if it is \$3000-4000 a year including the mail forwarding and all that kind of stuff is more than covered in just one month of operation once you are hitting a reasonable sized business.

Scott: Absolutely plus all the other advantages that come into play so the math makes sense and it just makes sense moving forward and ill just make sure we do it right in a complete formation and have a really successful US company.

Buck: Fantastic. Listen Scott, thank you so much for doing this. This is going to be such an incredible resource that's going to go into the Health Profits members area. I know folks who are going to be contacting you and setting up consultations. Maybe if there is an update we can schedule another training session. Would that sound good to you?

Scott: Yeah absolutely because as we move through it there maybe updates or specific areas you want to drill down into. Maybe this is the big overview but maybe we do kind of micro subjects for updates. Absolutely we can do that.

Buck: Perfect, hey thanks again and I will be talking to you very soon. I'm sure I will be back in Vegas later this year so I look forward to getting together.

Scott: Wonderful. Thanks Buck I appreciate it. Thanks everybody.