

inform

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texas is the place

If your business takes you to the Gulf of Mexico, and you are planning to open an office in Texas, there is more to think about than just what size cowboy hat you need or whether to choose goat skin or alligator for your boots! Most UK companies are advised to form a new business entity in either Texas or another state such as Delaware in order to ring fence their US operations. The decision where to form your entity will probably be based on several considerations including the relevant state taxes and whether you plan to conduct business in other states. While there are several different types of business entity to choose from, the most common choice is a corporation which has similarities with a UK company.

According to attorney Gary Miller, partner with Boyar & Miller in Houston, “Our experience is that UK companies do not find any significant obstacles to establishing themselves in Texas and the formalities are quite similar to those you have in the UK. The new entity needs to apply to the Internal Revenue Service for a taxpayer identification number and may require a sales tax permit issued

by the state, but the requirement for additional licences and permits will depend on the nature of your business. If employees are coming over from the UK to set up the business, they will need assistance with immigration formalities and it is always wise to put in place appropriate employment agreements, confidentiality agreements and possibly non-compete covenants.

“Governance of companies in the US does differ from the UK in some respects so an understanding of the roles of officers and directors is important. Insurance is essential, and particularly if manufacturing is involved, and a US broker should be consulted if your UK broker is not au fait with US practice. Contract conditions for purchase and sale should also be adapted to work under US conditions. And finding a good accountant, who is accustomed to working with clients based out of the UK, will also make life much easier.”

Now where did I leave those boots

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Information is available from the website of the British Consul General in Houston - www.britainusa.com/houston/

