

HOW TO FORM A COMPANY IN THE US



PayBitoPro

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Getting your business registered doesn't have to be complicated. Follow these 8 simple steps to get your business off the ground quickly:

Step 1: Select Your Business Structure

Choosing the right structure for your business depends on its nature and your expansion plans. Here's a breakdown of the options:

- Sole Proprietorship: You and your business are one entity, liable for all obligations.
- General Partnership: Owned and operated by multiple individuals, all fully liable.
- Limited Partnership: One general partner is fully liable, and others contribute financially.
- Limited Liability Partnership (LLP): Partners share liability proportionally to investment.
- Limited Liability Company (LLC): Offers legal separation from owners, suitable for small businesses.
- C Corporation: Large entities with separate legal identities, subject to specific obligations.

Step 2: Name Your Business

There are three methods available for naming your business: registering a legal entity name, obtaining a trademark, or registering a legal name while operating under a different one. Naming regulations vary from state to state, necessitating a review of the requirements for your desired registration state.

Similar to the process of incorporating your business, the method you select for naming your business will hinge on the specific needs and circumstances of your entity.



You might opt to pursue all three avenues to secure exclusive use of your chosen name, or you could simply select one of the options. While not obligatory, it typically makes practical sense to maintain consistency by using the same name across all registration methods.

Step 3: Consider Taxes and Expenses

Every state maintains its unique regulations regarding business registration and taxation. Consequently, registering in a specific state can result in various tax advantages and associated costs. If you intend to conduct business across multiple states, it's crucial to verify that your business meets the requirements for operation in each jurisdiction.

To facilitate your understanding, we've compiled data on tax obligations and other expenses for the below listed states. However, it's advisable to consult with a business or corporate attorney to fully grasp the intricacies of operating within a particular state.

California

Businesses registering in California should keep in mind that the state is known for high business taxes and be prepared to pay a range of fees.



Business Type	Tax Rate	Registration fees	Other Costs
LLC & LLP	8.84%	Incorporation: \$115 Filing fee: \$100 LLC fee: \$105	Annual report filing fee: \$25 Business license: \$50-100/year
Corporation	8.84% (minimum \$800)	Incorporation: \$115 Filing fee: \$100	Annual report filing fee: \$25 Business license: \$50-100/year

Delaware

Florida

Business Type	Tax Rate	Registration fees	Other Costs



Business Type	Tax Rate	Registration fees	Other Costs
LLC & LLP	\$300 (minimum)	\$300 (minimum)	Annual report filing fee: \$50, plus tax
Corporation	\$175-180,000	Incorporation: \$89 (minimum)	Annual report filing fee: \$50, plus tax

LLC & LLP	N/A	Filing fee: \$125 Annual report: \$140/year Annual Report filing fee: \$35	Business license: \$100 (maximum) Registered agent fee: \$99 Name registration: \$90
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Corporation	5.5%	Annual report: \$150/year Annual report filing fee: \$35	Business license: \$100 (maximum) Registered agent fee: \$99 Name registration: \$90
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Idaho

Business Type	Tax Rate	Registration fees	Other Costs
LLC & LLP	6.5%	\$120	Certificate of organization: \$100



Corporation	6.5	\$120	Certificate of organization: \$100
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Maryland

Most businesses registered in Maryland benefit from tax exemptions, thanks to the state's array of regulations aimed at reducing liability and promoting entrepreneurship and innovation. Nonetheless, individuals overseeing these businesses are still responsible for meeting their income tax requirements.

Business Type	Tax Rate	Registration fees	Other Costs
LLC & LLP	N/A	\$100	Name reservation: \$25 Annual report fee: \$300



Corporation	8.25%	\$100	Name reservation: \$25 Annual report fee: \$300
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Montana

Similar to Maryland, Limited Liability Partnerships (LLPs) and Limited Liability Companies (LLCs) conducting operations in Montana are not subject to corporate tax. Instead, the owners of these businesses are obligated to pay income tax on the profits they receive through distributions.

Business Type	Tax Rate	Registration fees	Other Costs
LLP	N/A	\$10	Name registration: \$10



LLC	N/A	\$35	Name registration: \$10
Corporation	6.75%	\$35	Name registration: \$10

Step 4: Obtain Licences and Permits

The procedure for incorporating your business is determined by the local authority where you intend to register. While regulations vary from state to state, certain fundamental prerequisites apply.

Firstly, you must acquire an Employer Identification Number (EIN). This unique tax identification number ensures that your business is equipped to fulfil tax obligations, avail deductions, hire employees, and conduct other operations. Additionally, you'll need several key details and documents, including:

- Articles of formation or incorporation
- Official business name
- Official business address
- Identifying information about the company owner(s)

The specific paperwork required for submission to your local authority will hinge upon the type of business you intend to register.



Document Type	Corporation	LLC	LLP Partnership
Formation	Articles of incorporation	Articles of organization	Partnership agreement
Governance	Organizational bylaws	Operating Agreement	Partnership agreement
Ownership	Share certificates	Member certificates	Partnership agreement
Tax	EIN	EIN	EIN

Step 5: Cryptocurrency License in USA

The cryptocurrency license in USA is not a single license. The license to undertake a cryptocurrency business within the jurisdiction of USA requires obtaining a Money Services Business from the Financial Crimes Enforcement Network (FinCEN) along with a Money Transmitter License from the respective state agencies within which the cryptocurrency business is undertaking its business activities. In the USA, cryptocurrencies or virtual currencies have not been granted the status of fiat currency. However, encouraging signs



have emerged from some state governments who are progressing towards according to the cryptocurrencies the status of fiat currency.

- **Regulatory Framework for Cryptocurrency License in the USA**

Cryptocurrency businesses in the USA are subject to a number of regulations depending on the type of digital assets and the nature of the business. Most of the states in the USA regulate cryptocurrencies under the prevailing money transmitter rules, and these state-specific cryptocurrency laws vary from state to state. The Initial Coin Offerings (ICOs) in the USA are regulated by the SEC provided the coins offered are considered securities. There may be certain instances where the issuer of the ICO has to register the offering with the SEC (unless they qualify for an exemption).

- **Regulatory Authorities for Cryptocurrency License in USA**

Cryptocurrency license in USA is granted by both the Federal and State governments. At the Federal level, the Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), the Federal Trade Commission (FTC), the Department of Treasury through the Internal Revenue Service (IRS), the Financial Crimes Enforcement Network (FinCEN), the Office of the Comptroller of the Currency (OCC) and the Financial Industry Regulatory Authority (FINRA). Apart from the statutes and rules and regulations of these regulatory agencies at the federal level, to obtain a cryptocurrency license in USA, certain state-level laws and licenses are also required, which include the state-chartered banking regulations, usury laws applicable to interest rates, money transmitter laws, data privacy laws and security laws.

- **Procedure to obtain a cryptocurrency license in USA**

Every company that provides Cryptocurrency services in the USA is considered a Money Transmitter and should be in full compliance with all the prescribed procedures mentioned below. Following is the procedure that every Money Services Business in the USA, including Money Transmitters, needs to comply with under the FinCEN framework.

- **Registration as a Money Services Business**

The first step in obtaining a cryptocurrency license in USA is to register your business entity with the FinCEN as a Money Services Business (MSB). The entity has to fill and submit a Form "FinCEN Registration of Money Services Business" through FinCEN's BSA E-Filing System. This registration with the FinCEN has to be renewed after every two years.



- **Develop and Implement an AML program**

FinCEN has made it mandatory for the MSBs to develop, implement and integrate an effective AML compliance program which prevents the entity from being used to facilitate money laundering activities and financing of terrorist activities. The following are the minimum provisions that every AML program should consist of

1. Structured necessary papered policies, internal controls and procedures, ensuring ongoing compliance with the applicable requirements.
2. A person should be designated to ensure day-to-day compliance with the BSA requirements,
3. Provide training and education to the existing employees and staff under the AML program, teaching them how to detect and respond to suspicious transactions,
4. Independent reviewing for monitoring and maintaining an adequate program.

- **Obtaining a Money Transmitter License**

For an MSB to operate as a Money Transmitter, it has to apply for and obtain a Money Transmitter License from every state where it wants to do its business. The regulations at the federal level are made to ensure financial security and to prevent the menace of money laundering. On the other hand, at the state level, money transmission licensing is directed towards protecting the consumers and ensuring the safety, soundness and solvency of the applicants.

There is no one license that is applicable across the states due to the different criteria of each state in defining and regulating cryptocurrencies. Additionally, there is a lack of consistency among the states over the requirements for licensing, such as differences in the definition of money and whether it includes cryptocurrency or not. This makes the process of obtaining a license an expensive and time-consuming affair if the license is sought across multiple states.

As per the latest trends, the states that have issued the maximum number of Money Transmitter Licenses include Alaska, Oregon, West Virginia, New Mexico, North Carolina, New York, Georgia, Mississippi etc.

While some of the states in the USA have a positive attitude toward cryptocurrency, others have remained neutral towards the industry or remained unclear about the requirement to obtain a Money Transmitter License.



For the states of Connecticut, Vermont and Oregon, businesses need to obtain a Money Transmitter License

There are certain states, such as Kentucky and Florida, where it is probable to obtain a Money Transmitter License for cryptocurrency businesses.

Illinois and Pennsylvania are the two states in the USA where it is improbable for cryptocurrency businesses to obtain money transmitter licenses.

Montana is the only state in the USA where cryptocurrency companies are required to obtain a money transmitter license. Montana is the only state that does not regulate or license the transmission of money in the case of both fiat and virtual currencies.

Step 6: Open a Business Bank Account

Once you obtain your EIN, you're eligible to establish a business bank account.

Legal regulations governing LLPs, LLCs, and corporations mandate the opening of a business bank account. Conversely, sole proprietors and unincorporated partnerships are not compelled to maintain separate personal and business accounts.

Setting up a business account is straightforward; visit your local bank and complete the necessary paperwork. It's prudent to compare rates and benefits offered by different banks before making a decision.

Even if you operate as a sole proprietor or unincorporated partnership, having a dedicated business bank account is advisable to ensure the segregation of personal and business finances. Should you opt to incorporate your business later, this practice will streamline the process.



Step 7: Protect Your Intellectual Property

Depending on the nature of your business, you might possess valuable intellectual property (IP) that warrants protection.

For instance, most enterprises seek to safeguard their brand identity, including their name and logo, to prevent unauthorized usage by others. Depending on whether your business deals with goods or services, you may also wish to secure the design of your products or the original content you create, such as written works, designs, or music.

There are various avenues for protecting your IP, and initiating these processes promptly is advisable to prevent unauthorized use.

- **Trademark:**

A trademark, encompassing words, phrases, symbols, or signs, distinguishes your products or services from similar offerings. Notable examples include Nike's Swoosh and McDonald's "I'm lovin' it." Registration is necessary for legal recognition, typically taking four to six months. Once registered, your trademark is safeguarded nationwide, enabling legal action against unauthorized use.

- **Copyright:**

Original works like written content, software, web materials, films, recordings, and images enjoy automatic copyright protection. Only the creator has the right to distribute, reproduce, create derivative works, or sell the intellectual property. Copyrights can be transferred through sale, gift, or agreement.

- **Patent:**



For innovative products or machinery, patenting is essential to secure exclusive rights and prevent others from making, selling, or importing the patented item for a specific duration. Patent applications can be lengthy, taking up to five years to complete, emphasizing the importance of early initiation for unique inventions.

Step 8: Establish Payment Infrastructure

To ensure your business is prepared to serve customers promptly after registration, it's essential to have a convenient payment acceptance system in place.

PayBitoPro provides a comprehensive payment infrastructure with user-friendly solutions and developer-friendly APIs, requiring no coding knowledge. Its adaptable nature allows easy customization to align with your business objectives.

With PayBitoPro, you can accept an extensive range of payment methods, including credit and debit cards, ACH transfers, and popular digital wallets like Apple Pay and Google Pay. Regardless of where you register your company or conduct your sales, you can offer customers the flexibility to pay using their preferred methods through our secure platform.

In Conclusion

Registering your business in the US doesn't have to be overwhelming. By following these steps and utilizing efficient tools like PayBitoPro, you can streamline the process and focus on growing your venture with confidence.

