



Starting a Business in the USA

Summary sheet: legal forms, EIN, banking, and immigration

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Sole proprietorship

A sole proprietor is generally one and the same as the business: no separate legal entity. Formalities are often light outside regulated professions, but profits flow onto your personal return and self-employment tax may apply. Liability is usually unlimited: once you have contracts, employees, or risk, a limited-liability entity is often better.

Partnerships (GP, LP, LLP)

A general partnership can arise in practice between partners. The LP (limited partnership) and LLP (limited liability partnership) forms add distinctions in roles and liability, depending on the state. A written partnership agreement sharply reduces disputes.

Limited Liability Company (LLC)

The LLC combines limited liability with management flexibility (operating agreement). For federal taxes, it can be a disregarded entity (single member), a partnership (multiple members), or elect corporate taxation (check-the-box rules). Keep clean account separation to preserve the liability shield.

C-corporation

The C-corp is a stock corporation taxed at the entity level; dividends can be taxed at the shareholder level (possible economic double taxation). It remains common for fundraising and broad ownership. Bankruptcy does not automatically wipe out payroll trust-fund taxes or personal guarantees.

S-corporation

The S-corp is a tax election (Form 2553) subject to conditions: eligible domestic corporation, allowed shareholders, a single class of stock, a limited number of shareholders. Income passes through to personal returns (Schedule K-1) provided reasonable salaries are paid. Verify state conformity.

Comparison table of common forms

Criterion	Sole prop.	Partnership	LLC	C-corp	S-corp
Asset protection	Low	Limited (general partners)	High if formalities	High if governance	High if eligible
Federal taxation	Personal + SE tax	Pass-through (K-1)	Pass-through or corp	Entity then dividends	Pass-through (S election)
Governance	Very simple	Partnership agreement	Operating agreement	Board, bylaws, shares	Board + eligibility
Setup	Very low	Low to moderate	Moderate	Higher	Higher + S election
Ongoing costs	Moderate	Moderate to high	Moderate to high	Often high	High + payroll
Fundraising	Limited	Limited	Possible	Common	Shareholder limits
Non-residents	Little	Varies	Often yes	Often yes	No
Typical use	Test, freelance	Project partners	SMBs, subsidiaries	Scale-up, equity	Eligible US SMBs

Employer Identification Number (EIN)

The EIN is the entity's federal identifier with the IRS (Form SS-4 or online application). It is required for banking, payroll, and many tax forms. Identify the responsible party, keep the confirmation notice, then handle state registrations. Apply: <https://www.irs.gov/ein>

Banking, insurance, account separation

Banks typically require formation documents, the EIN, and signers' IDs. Never mix personal and business spending: it weakens your liability protection. Carry insurance suited to your activity (professional liability, cyber, property, general liability).

Immigration and strategy (E-2 visa)

A legal form does not replace immigration law. For nationals of treaty countries, the E-2 visa is often explored alongside forming an LLC or corporation. Dedicated guide: https://www.france-usa-net.com/visa_e2.html

Frequently asked questions

Q. Should I incorporate in Delaware by default?

Delaware suits some funded companies, but a small local business often does better registering in its operating state to reduce complexity.

Q. Can I open a bank account without an EIN?

Usually not for entities: banks typically require the EIN and formation documents.

Q. Is there a minimum share capital?

Many forms do not assume a minimum capital like the French model, but undercapitalization raises business risk.

Official U.S. government links

SBA, Small Business Administration : <https://www.sba.gov/>

IRS, businesses : <https://www.irs.gov/businesses>

IRS, apply for an EIN : <https://www.irs.gov/ein>

USPTO, trademarks : <https://www.uspto.gov/trademarks>

E-Verify, work authorization : <https://www.e-verify.gov/>

Department of Labor : <https://www.dol.gov/>

USA.gov, start a business : <https://www.usa.gov/start-business>