



The AMERICAN CHAMBER of Commerce in Mongolia

DOING BUSINESS IN THE USA

Doing business in the USA involves navigating legal, financial, and regulatory landscapes, but with proper preparation and knowledge, it can be highly rewarding. Start by identifying your business idea, planning your strategy, registering your business, and staying compliant with taxes and regulations. With the right resources and approach, you can successfully launch and grow your business in the U.S.

Starting a business in the USA can be a rewarding venture, but it requires careful planning, understanding of regulations, and strategic execution. Here is a step-by-step guide to help you navigate the process:

1. DECIDE ON A BUSINESS IDEA

- **Research:** Conduct market research to identify a viable business opportunity, assess competition, and understand consumer needs.
- **Business Model:** Determine the best business model (e.g., retail, service, online, B2B, or B2C) that suits your skills, interests, and market demand.

2. CREATE A BUSINESS PLAN

- **Executive Summary:** Outline your business goals, mission, and vision.
- **Market Research:** Identify your target audience, market trends, and competitive landscape.
- **Financial Plan:** Estimate start-up costs, ongoing expenses, revenue projections, and cash flow analysis.
- **Operations Plan:** Detail the logistics, production, supply chain, and staffing requirements.
- **Marketing Strategy:** Define how you'll promote your business and acquire customers.

3. CHOOSE A BUSINESS STRUCTURE

The type of business structure you choose affects taxes, liability, and other legal obligations. Common options include:

- **Sole Proprietorship:** Simple and inexpensive but offers no personal liability protection.
- **Partnership:** A shared business between two or more people, with shared liability.
- **Limited Liability Company (LLC):** Provides liability protection with more flexible tax options.
- **Corporation (C-Corp or S-Corp):** Suitable for businesses planning to issue stocks or seeking significant investment. Offers liability protection but comes with more regulatory requirements.

You must decide what form of business entity to establish. Your form of business determines which income tax return form you have to file.

4. REGISTER YOUR BUSINESS

- **Business Name:** Choose a unique and legally

available name for your business. Check for trademarks and domain name availability.

- **Register with State:** Depending on your structure, register your business with the state government. This may involve filing Articles of Incorporation (for corporations) or Articles of Organization (for LLCs).
- **Obtain an Employer Identification Number (EIN):** This is necessary for tax reporting, hiring employees, and opening a business bank account. You can get an EIN from the IRS for free.
- **Register with Local Authorities:** Depending on your location and type of business, you may need to register with local municipalities, counties, or states to get business licenses and permits.

5. SET UP BUSINESS FINANCES

- **Open a Business Bank Account:** Keep your personal and business finances separate.
- **Accounting System:** Set up an accounting system to track income, expenses, and taxes. Consider using accounting software or hiring a professional.
- **Funding:** Determine how you'll fund your business (e.g., personal savings, business loans, investors, crowdfunding).

6. GET NECESSARY LICENSES AND PERMITS

Depending on your business type and location, you may need various federal, state, and local licenses or permits to operate legally.

- **Federal:** Some industries (e.g., food, alcohol, healthcare) require federal licenses or permits.
- **State:** Each state has specific business regulations. For example, you may need a sales tax permit if selling taxable goods.
- **Local:** Local permits might include zoning permits, health permits, and signage permits.



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EXPORTING TO THE USA

Exporting to the U.S. market can be a profitable venture, but it requires understanding a deep understanding of trade regulations and market dynamics. Here's a step-by-step guide to help you export and trade in the U.S. market.

1. CONDUCT MARKET RESEARCH

- Gain insights into the U.S. market and identify your target consumers.
- Leverage platforms such as IBISWorld or Statista for in-depth market analysis.

2. OBTAIN AN EMPLOYER IDENTIFICATION NUMBER (EIN)

- Apply for an EIN through the IRS EIN Website.
- Secure a Customs Bond for goods valued above \$2,500 to ensure compliance with U.S. customs laws and duties.

3. CALCULATE CUSTOMS TARIFFS AND DUTIES

- Use the U.S. Harmonized Tariff Schedule (HTS) to determine your product's duty rate.

4. MEET CONSUMER PRODUCT SAFETY COMMISSION (CPSC) STANDARDS

- Ensure compliance with CPSC regulations for consumer goods sold in the U.S. market.
- Non-compliance can lead to fines, recalls, and legal action
 - Compliance includes mandatory labeling, product safety standards, and specific testing requirements.
 - Products, especially children's items, must undergo independent testing and certification.
 - Use recognized safety symbols (e.g., the "UL" mark for electrical safety).

5. ENSURE PRODUCT COMPLIANCE AND REGULATORY REQUIREMENTS

- FDA Regulations: Comply with FDA regulations for food, beverages, cosmetics, drugs, and medical devices.
 - Key FDA requirements include food facility registration, prior notice for imported food, and adherence to the Food Safety Modernization Act (FSMA).

- USDA Regulations: Comply with USDA regulations for meat, poultry, eggs and plants.
 - Obtain necessary approvals such as Commodity Import Approval and Controlled Import Permits.
 - Comply with Phyto-sanitary treatments
- EPA Regulations: Comply with EPA regulations for chemicals, pesticides, and vehicles.

6. PREPARE AND SUBMIT IMPORT DOCUMENTATION SUBMIT THE FOLLOWINGS TO U.S. CUSTOMS AND BORDER PROTECTION (CBP):

- **Commercial Invoice:** A detailed document that includes the value, quantity, and description of the goods.
- **Packing List:** Breakdown of package contents
- **Bill of Lading:** Receipt from the carrier that shows your goods are being transported.
- **Arrival Notice:** Issued by the freight forwarder once the shipment arrives at a U.S. port.
- **Customs Bond:** If applicable
- **Entry Summary (CBP Form 7501):** This form declares the details of the goods and is required for the entry of goods into the U.S. Filed through a customs broker.
- **Certificate of Origin:** A document stating where the goods were manufactured.

7. CUSTOMS INSPECTION AND CLEARANCE

- **CBP Inspection:** U.S. Customs will inspect your goods to ensure compliance with regulations.
- **Possible Outcomes:** Approval, delay, or seizure. Ensure accurate documentation to avoid issues.

8. POST-IMPORTATION COMPLIANCE

- Retain import records for at least five years for potential audits by CBP or other body.

9. ONGOING COMPLIANCE

- Continuously monitor for product recalls or regulation changes to ensure compliance throughout your product's lifecycle.