

Speaker 1: When you're a foreign owner entity in the U.S., the main reason that makes it a little more tricky is that usually you don't have a social security or U.S. Tax ID number. If the IRS wants an individual's social security number or ID number, in order to hold someone responsible, if the business doesn't pay the taxes. When you're applying from a foreign level, you may not have a social or tax number. You probably don't.

So then, you have to apply on the phone and you explain to them, that okay, it's a foreign owner of this entity, that doesn't have a social security number, and they still want to get a tax ID number. Now, if you do it that way, you've got to be a C Corp, a regular corporation, or an LLC, taxed as a corporation, because corporations can get tax ID numbers without having a social or ITIN behind it.

If the foreign owner can get an ITIN number, which is called an Individual Tax Payer ID Number, and in lieu of someone who can't get a social, then they can be taxed as a passed through entity, because the income from that LLC, or partial LLC, will pass through individually, and then you file something called a 1040NR, Individual Nonresident Tax Return, to file the tax.

So, usually that's the better way to do it, to be taxed as a single member LLC, or partial LLC, but again, if you can't do that, or you don't want to do that, we can do the C-Corp route, which is what I explained in the beginning. So again, this obviously gets very technical and very tricky, and that's why you definitely want to work with a qualified CPA, who knows how to deal with foreigners and U.S. taxes, before you go ahead and do anything.