International Business Guides

United States

HSBC

Together we thrive

01 Welcome
02 United States: The world's largest economy
03 Country profile
04 Society & culture
05 Working practices & values
06 Business etiquette
07 Economy
08 Labour & business
09 Taxes & wages
10 Investment & trade
11 Infrastructure
12 Cost of living
13 HSBC in the US

Welcome to the US

With the largest economy in the world, the United States of America offers some of the best possible business opportunities. Founded on the principles of equality, the US is rich in cultural diversity. This - alongside a hardworking, dedicated and well educated workforce - position it well as a location in which businesses of any size can thrive.

A vast country, spanning six timezones, the US is a world leader in invention, innovation and inspiration. The free enterprise system means all businesses can compete on a level playing field in the US, which is why so many international organisations choose to locate here.

Evolving from a primarily agricultural economy in the 19th Century to a highly industrialized one for most of the 20th Century, today it proudly boasts one that is increasingly service-based.

HSBC Bank USA, N.A. has been connecting Americans to global opportunities since 1865. One of the largest banking and financial services organisations in the world, we service customers from offices and branches across the US, including New York, Los Angeles, Chicago, Atlanta, Houston, Seattle, Miami, San Francisco, and Washington DC.

Our team is on hand to help you navigate this vast land and make the most of the potential that the US has to offer.

Please get in touch today to find out how HSBC can support you and your business.

Patrick J Burke
Chief Executive Officer, HSBC Bank USA, N.A.

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Essentials

Capital city
Washington, DC

Other major cities
New York, Los Angeles, Chicago, Miami, Dallas

Population
327 million[1]

Size
9,833,517 sq km

GDP
$59,531 per capita[1]

Main languages
English

Currency
US Dollar

Typical office hours
08.00am – 5.00pm, Monday to Friday

Top exports
Agricultural products (soybeans, fruit, corn), industrial supplies (organic chemicals), capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment), and consumer goods (automobiles, medicines)[2]

Top imports
Agricultural products, industrial supplies (crude oil), capital goods (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods (automobiles, clothing, medicines, furniture, toys)[2]

Dialling code
+1

Time zone
Hawaii-Aleutian Standard Time (Honolulu) – UTC -10
Alaska Standard Time (Anchorage) – UTC -9
Pacific Standard Time (Los Angeles) – UTC -8
Mountain Standard Time (Salt Lake City) – UTC -7
Central Standard Time (Chicago) – UTC -6
Eastern Standard Time (New York) – UTC -5

Unemployment rate
4%[3]

Corporation tax
21%[4]

Emergency numbers
911 (police, fire and ambulance services)

United States: The world's largest economy

Biggest global market
The United States of America is a vast country, straddles six time zones and is the largest consumer market on earth. With a GDP of $20 trillion and a population of 327 million, its household spending is the highest in the world.

Home of innovation
The US leads the way in research and development (R&D), attaching great importance to the protection of intellectual property. Businesses of all sizes create an environment geared up for invention and inspiration.

Easy to do business
Free enterprise and competition is encouraged in the US, where a stable democracy and predictable legal system enables all companies to compete on a level playing field.

Rich resources
The US is the third-largest country in the world and has an abundant array of natural resources. An extensive infrastructure network allows for the smooth transportation of these materials across the length and breadth of the nation.

Skilled workers
The US possesses a highly skilled, diverse and educated English-speaking workforce. Its universities also nurture the talent of tomorrow.

Access to capital
The US is home to the most developed, liquid and efficient financial markets in the world. Capital is attainable to help businesses succeed.

Sources:
[1]World Bank Group, 2019
[2]Central Intelligence Agency (CIA), 2019
[3]Bureau of Labor Statistics, 2018
[4]PwC, 2019
*Map shows cities of economic significance according to the CIA, 2019

Country profile

A highly competitive and technologically advanced nation, the US's economic, political and cultural clout is felt worldwide. Bold and brash it may be, but it's certainly a place in which to do business.

Boasting by far the largest economy in the world, the size and scale of the US is like no other. Its GDP compares to that of entire continents.

> The United States of America (USA), also known as the US or America, is a federal republic comprising 50 states, a federal district, five self-governing territories and various possessions.

The US today is a diverse society, shaped by large waves of immigration from Europe and beyond. As the world's third-largest country, coast to coast the country spans almost 3,000 miles.

There's New York on the Eastern Seaboard, the 'city that never sleeps', while Los Angeles to the West is home to all the glitz and glamour of the Hollywood movie industry. And there's plenty more in between; from the 'Windy City' of Chicago in the North, through the country's heartlands to NASA's 'Space City' of Houston in the Deep South.

The US offers a massive market of consumers to tap into. And while the country has been making even more headlines than usual during these politically and economically transformative times, global business continues to view the US as the go-to destination for both investment and growth.

Read on to discover more about the dos and don'ts of doing business in the US. Also find out how trading in or with the country could help boost the future growth of your business.

5 reasons to do business in the US[1]

01 **An entrepreneurial culture**
Almost every other country in the world wants their own 'Silicon Valley'. And it's not just in San Francisco, the US's start-up community is vast with entrepreneurial ecosystems thriving throughout New York, Los Angeles, Boston, Chicago, Seattle and Austin.

02 **Hard-working society**
Not only do Americans work harder than in many other countries, they are also among the most productive workers in the world.

03 **Home of the brave**
Risk-taking is embedded in the national DNA. It's why many Americans love the gambling mecca of Las Vegas, where fortunes are sometimes won and lost. It's also a key ingredient that makes the US one of the most competitive business nations on earth.

04 **Championing achievement**
The US is the very embodiment of a meritocracy; the land of opportunity for all. Some of today's largest US companies, such as Amazon and Google, have become household names in the past 15 years, and Facebook wasn't even founded until 2004.

05 **US dollar is king**
The 'greenback' facilitates trade across the globe and is still the world's premier reserve currency. This matters in times of turmoil when there's a 'flight to quality'; the US dollar tends to behave in a similar way to gold, another perceived 'safe haven'.

5 key challenges[2]

01 **A weigh of life**
Whether it's filling up your car with 10 gallons of petrol before embarking on a 20-mile drive, buying a pound of apples or being told it's a pleasant 70 degrees Fahrenheit outside, Americans use different measures for weights, distances and temperatures.

02 **State of the nation**
The federal government of the US is based in Washington DC and each of the 50 states has its own local government. Nationwide federal laws, as well as state ones, apply – and these can vary greatly. Businesses must meet federal, state and local tax obligations.

03 **An abbreviated code**
All US states and territories come with two-letter abbreviations. As some are fairly long, the abbreviated form is often used instead – Houston TX (Texas), Los Angeles CA (California), Chicago IL (Illinois). Washington state (WA) is situated on the West Coast. The city of Washington, meanwhile, in the District of Columbia (DC), is not a state but an administrative unit on the East Coast.

04 **Brush up on your Spanish**
Although English is used in 100% of business conversations, there are now 50 million Spanish speakers in the US – more than in Spain itself. They live mainly in states bordering Mexico to the south, such as New Mexico, California, Texas and Arizona, as well as big cities such as New York.

05 **Communication style**
Americans often use their mobile devices to text rather than speak, so don't be offended if most prefer to connect via text or email at work.

Sources:
[1]US Department of Commerce, 2018
[2]PwC, 2018

Society & culture

In this section

Language
Food
Religion
Values
Customs & celebrations
Useful phrases

The culture of the United States today spreads far beyond its borders – from its cuisine to business practices, media and popular culture. It's the land of plenty where everyone can chase the 'American Dream'.

Yet, the nation's traditions are derived from nearly every region of the world. The country's relationship with immigration is, however, sometimes complicated despite being a nation built by immigrants.

Due to its geographic proximity, economic opportunities or historic trends, immigrants have primarily settled in the states of California, Florida, Illinois, New Jersey, New York, Pennsylvania and Texas. In these states, there is very often a great 'melting pot' of cultures.

It also means large variances of values and beliefs by region; from the liberal West Coast to the Southern 'bible belt' and the more progressive states of the Eastern Seaboard.

> The foundation of the American Government, its purpose, form, and structure, are in the Constitution of the United States. The Constitutional Convention adopted the Constitution on September 17, 1787.

Different communities have also integrated into US society in contrasting ways. Some Spanish-speaking communities, for instance, have kept their language and cultural traditions but fully embrace many other aspects of the American way of life.

It all combines to give the US its diversity and charm.

Language

English is the primary language, although US English uses a slightly different vocabulary to its British variant.

Nevertheless, there are large numbers of non-English speakers across the US. Hispanics make up 11% of the population, with many barely fluent in the English language. Over half of these Spanish speakers reside in California, Texas and Florida. There are also significant Chinese, Filipino and Vietnamese populations based across the country. So much so that voting forms are often available in many different languages.

Food

There are many local and regional delicacies in the US, from New Orleans jambalaya to Cobb salad and San Francisco's sourdough bread – not forgetting Florida Key lime pie. Americans tend to eat out a lot, too, spending more money in restaurants than on food at home, according to the Organisation for Economic Co-operation and Development (OECD). Traditional US fare is favoured, although much of today's modern US cooking is inspired from the best of the rest of the world.

Religion

Various religious faiths flourish in the US, playing an important role in the daily life of millions of Americans. A clear majority of Americans identify themselves as Christian. Southern Baptists dominate the 'bible belt' states of Southwest US, while Mormonism is strong in Utah. The Evangelical Lutheran Church has a powerbase in the Midwest, with Catholicism broadly spread elsewhere.

There are also up to six million Buddhists, just over five million Jews and around three million Muslims. Just one-fifth of the population classifies itself as either atheist or agnostic, according to the Pew Research Center.

Values

North American society is based around the basic tenets of inclusivity, tolerance, diversity, respect for the rule of law, freedom of speech and freedom of the press.

Self-reliance and individualism is often seen as another key American value, with many people motivated by what is good for them personally.

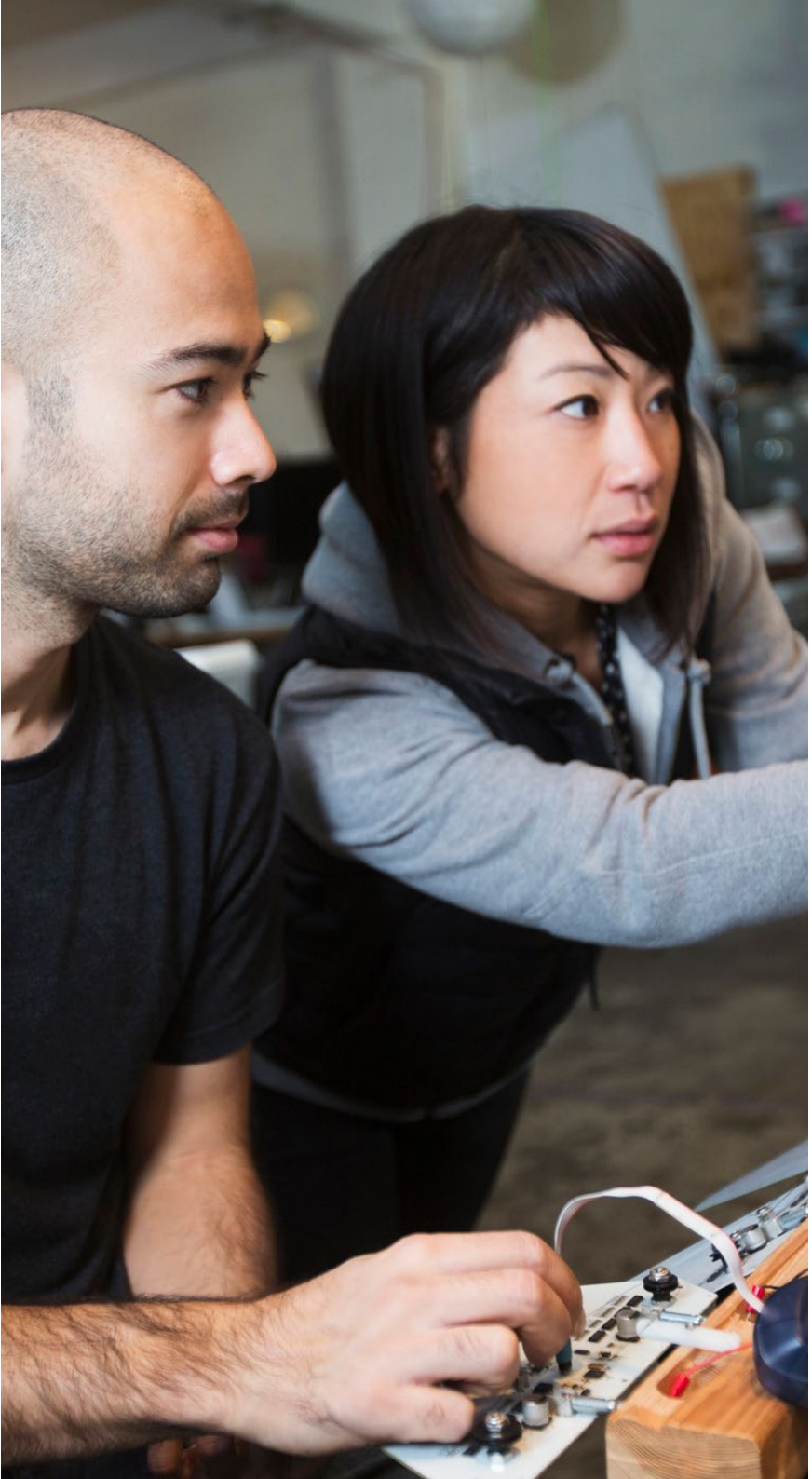
Customs & celebrations

Most public holidays are rooted in political, religious or historical traditions. A sea of red, white and blue greets you on Independence Day, which is celebrated on 4th July with outdoor events, barbecues and fireworks.

Thanksgiving Day always falls on the fourth Thursday of November in celebration of the annual harvest. Many offices close on the Friday, too, giving Americans a four-day weekend. The traditional Thanksgiving meal comprises turkey, stuffing and vegetables. The day itself is often spent watching the famous Macy's Thanksgiving Day Parade in New York or an American football game on TV.

Christmas celebrations usually start the day after Thanksgiving with 'Black Friday' – one of the most important shopping days of the year for retailers. Homes are then turned into winter wonderlands, both outside and in, with seasonal decorations.

And although not a federal holiday, Halloween on 31st October is a popular event with people dressing up in scary costumes. Children will also go out 'trick-or-treating', collecting sweets or, if householders refuse to give them a treat, carrying out spooky tricks.



Working practices & values

Work-life balance in the US is certainly skewed towards working. Long hours are common. Yet, there are many places across the US where a healthy equilibrium can be achieved.

It's often said that Americans live to work while Europeans work to live and there is some truth to this statement. US employees work slightly longer hours than their global peers, according to the OECD. They also take fewer holidays. Workers in France, Germany and Italy routinely have 30 days' annual leave.

Analysing the 100 biggest urban areas in the US, Zippia found that the Californian cities of San Diego and San Jose, Nebraska's Omaha and Lincoln, as well as Honolulu in Hawaii came out on top for workers not bringing work home with them.

Average commute times across the country are just over 25 minutes, according to the US Census Bureau, with slightly longer commutes commonplace in and around the big cities. Research from Gallup also suggests that remote working is becoming more prevalent.

Compared with Europe, US employment regulation tends to favour the employer, though rules vary from state to state. One key difference is that US employers can terminate a contract without any notice or reason. There's also no right to sick pay in many states.

A few states operate without a minimum wage law, although others offer the mandated federal minimum of $7.25 an hour. The majority set higher rates, and as part of the 2016-17 State Budget, legislation enacting a statewide $15 minimum wage plan will lift the earnings of more than 2.1 million New Yorkers, in all industries.

Business etiquette

In this section

Greetings
Dress code
Negotiations
Business cards
Sealing the deal
Entertaining
Golden rules

Almost 200 years ago, visiting French aristocrat Alexis de Tocqueville eloquently summed up the American Dream as “the charm of anticipated success”. This still rings true today.

There’s a widespread belief in the US that any individual can succeed and prosper by working hard. It encourages a strong work ethic, but places an emphasis on the individual and their own achievements.

Competition is therefore king in the US office environment, with everyone fighting their way up the career ladder. Many companies will select – to much fanfare – an ‘employee of the year’, or give out large bonuses to star workers.

Workplaces operate hierarchical organisational structures. Somewhat paradoxically, though, American workers are much more open with their bosses about what is happening in their private lives.

Time is also money to Americans. Wasting time is as bad as wasting money, and, for this very reason, punctuality should be upheld at all times.

Greetings

A firm handshake and friendly smile are appropriate in a business setting. Physical contact, such as kissing or hugging, is not always appreciated. There’s a lack of formality when it comes to names and titles. First names are very often used.

Meetings regularly open with a few minutes of small talk before participants get down to business. Also, because Americans are champions at customer service, try not to adopt a laid-back attitude, especially with clients.

At the end of a meeting, if someone suggests ‘let’s do lunch sometime’, it doesn’t have to be taken literally. Treat it as a courtesy, or another way of saying ‘let’s keep in touch’.

Dress code

Business dress code tends to be fairly conservative. For men, this means a suit and tie. For women, a business dress or suit, or skirt and blouse. Colours are generally blacks, greys and navy blues.

However, for the tech or start-up industry different rules apply entirely. Whereas a Wall Street banker will be required to wear a suit to work, those employed in Silicon Valley will not look out of place if they turn up to work in shorts and a T-shirt. Even so, if you are meeting clients, more formal attire may be expected.

If you’re not sure, it’s best to err on the side of caution. Many employers in the US also allow ‘dress-down’ Fridays, where companies relax dress codes ahead of the weekend.

Negotiations

Because of the 'time is money' culture, executives will often make up their minds quickly and decisively.

Meetings follow defined agendas. Communication is usually direct. Try not to talk around an issue as straightforward and to-the-point information is appreciated. Money is also a key driver in negotiations and will be used to win most arguments.

Business will be conducted at a fast pace. If there is deadlock, all options will likely be explored. Persistence is a virtue in business circles. And if conflict arises, it tends to be dealt with directly and openly.

Business cards

Despite the advent of the digital age, business cards are still sometimes exchanged in the US. There is no formal ritual. Cards can be swapped either at the beginning or end of a meeting.

Don't be offended if a recipient just puts your business card in their wallet or back pocket without reading it. However, not everyone carries them.

Sealing the deal

The main objective of negotiation is usually to get to the signed-contract stage. A handshake is now very much viewed as a symbolic gesture.

Contracts are legally binding and commonplace in the US when sealing any deal and Americans will stick rigidly to the terms of these. Due diligence is important. If there's a future dispute, Americans will be inclined to start litigation or threaten it.

There's also a clear chain of command when dealing with US businesses. Decisions will be made from the top and followed by those further down.

Entertaining

Business in the US is quite often conducted over breakfast, lunch or dinner. There will be some socialising before getting down to business. The host will usually pay for the meal.

The golf course is also a popular venue for business deals.
If you're invited to a US colleague's home then it's quite normal to bring flowers, chocolates or wine as a small gift. Unlike business meetings, try not to arrive too early. It may even be advisable to turn up a few minutes late, so the host can take care of any last-minute details.

Golden rules

01 **Who pays the tip?**
The US is the land of tipping. If you spend a day with a client, numerous tipping opportunities will arise. In some industries, notably hospitality, employees receive low set wages. Some servers earn only around $2 an hour with tips needed to make up the minimum wage – or higher – during each shift. It's why tipping is almost mandatory in certain situations, with 20% considered a fair amount. It's expected that the host should pay all tips, so always carry a wad of $1 bills so there are no awkward tipping situations.

02 **Know your rank**
It can seem to the outsider, at least, that a good percentage of US employees are a vice-president (VP) of something. There's also an army of SVPs, EVPs and even AVPs to go with the VPs. Some US job titles can also give the impression of being a much higher rank. Placing them in the corporate hierarchy can be challenging.

03 **Brush up on your sport**
Idiomatic expressions litter American business language. Usually derived from sport – or even the military – a 'ballpark figure', 'touching base' or 'rallying the troops' can initially sound confusing to some. Sport is also a common small-talk topic. If you live in New York, for instance, try to familiarise yourself with the Yankees, Mets, Giants, Jets and Knicks.

04 **Delicate art of gift-giving**
Contrary to many Asian countries, gift-giving is not a normal part of US business etiquette. Any gifts should be small, symbolic items such as pens, diaries or champagne. Corruption and bribery is very rare in the US and giving gifts of significant value may carry negative connotations.

05 **Keep your phone out of sight**
It's considered rude to answer phone calls or send emails during a business meeting.

Economy

In this section

Highlights
Regional economies
Exports & imports

Highlights

- US economic growth was 3% in 2018, ahead of the G7 predicted average of 1.9%.
- Inflation is 2.9%, while interest rates now stand at 1.5%.
- Large metropolitan areas – such as New York, Los Angeles and Chicago – drive the US economy.

GDP (Current USD)	GDP Per Capita
$18.6 trillion[1]	**$55,925**[1]

Real GDP Growth	Inflation Rate
3%[1]	**1.9%**[2]

Economic Structure

Services (% of GDP)	**79%**[1]
Industry (% of GDP)	**20%**[1]
Agriculture (% of GDP)	**1%**[1]

Sources:
[1]World Bank Group, 2019
[2]Trading Economics, 2019
[3]World Trade Organization, 2018

The election of Donald Trump as US President in November 2016 may have initially sent shockwaves across global markets. Yet, more than a year on the US economy continues to ride high.

Investor and business confidence is positive. The Dow Jones Industrial Average surged 25% in 2017 alone. Unemployment stands at 3.9%, its lowest level in 17 years. GDP is forecast to grow a healthy 3% in 2018, while wages are heading upwards and inflation is a modest 2.4%.

'Trumponomics' – with its promises of tax cuts, deregulation and infrastructure spending – is so far delivering on growth. Nevertheless, the White House has found it hard to push its fiscal agenda through Congress, which could bring challenges later in Trump's presidency. Trump's populist policies may also yet hurt the economy further down the line.

The economy of the US remains the largest and most important in the world, accounting for around 25% of global output, according to the World Bank. The services sector – technology, financial services, healthcare and retail – is the main driver of the economy. And more than a half of the world's largest corporates call the US home.

Not only that, there's an abundance of natural resources to tap into and well-developed infrastructure. The country is also comfortably the world's second-largest manufacturer of goods, behind just China. The large, well-educated and productive workforce is helping to push the US economy to new heights, one with the financial crisis of 2007-2009 now firmly in its rear-view mirror.

	Exports	Imports
Global Ranking	**2**[3]	**1**[3]
Value	**$1.5 trillion**[1]	**$2.4 trillion**[1]
(% of GDP)	**12%**[1]	**15%**[1]

Regional economies

Although the US is vast, a few metropolitan areas contribute a disproportionately large share of its total GDP.

If the Greater New York area were a country, for instance, it would exceed the GDP of all but 11 countries in the world – ranking ahead of Australia and South Korea, according to the World Economic Forum.

Los Angeles, Chicago, Houston, Dallas, Washington DC, Boston, San Francisco, Philadelphia and Atlanta also contribute significantly to the economy. These 10 urban archipelagos matter far more than most individual US states.

Over half of US GDP is derived from its biggest cities. Away from these megalopolises – to the South and the Midwest 'rust belt' cities, where many ordinary Americans live – the recovery has been weaker, with deindustrialisation, population loss and urban decay adding to the economic malaise.

Exports & imports

The US may have been the world's pre-eminent economy for the best part of 150 years, but that top ranking is slowly coming under threat from China. While the US still imports more goods than any other nation, China – the workshop of the world – has long since usurped the US as the exporting king. China, though, despite a population size four times that of the US, still has a way to go when it comes to trade in services – with the US sitting comfortably atop the World Trade Organization's import and export metrics.

US's top five import markets

01 China
02 Mexico
03 Canada
04 Japan
05 Germany

US's top five export markets

01 Canada
02 Mexico
03 China
04 Japan
05 UK

US's top five imports

01 Electronic equipment
02 Machinery
03 Motor vehicles
04 Fuel
05 Pharmaceuticals

US's top five exports

01 Machinery
02 Electronic equipment
03 Aircraft
04 Motor vehicles
05 Fuel

Labour & business

In this section

Highlights
Workforce
Productivity
Bankruptcy
Audit & accounts

Highlights

- The Department of Labor says productivity is rising at a year-on-year rate of 1.5%. This is slightly below the long-term average.
- Unemployment stands at 4%, a 17-year low.
- The American economy has recorded 87 consecutive months of job growth.

Population
327 million[1]

Hours Worked (Per Year)
1,783 hrs[2]

Workforce
159.2 million[2]

Unemployment Rate
(as % of Labour Force)
4%[5]

Human Capital Report
(Rank)
4[3]

Minimum Wage (Per Hour)
USD7.25 (mandatory federal minimum)[2]

Labour Productivity Ranked
6[4]

Maternity Leave (Weeks)
12

The US labour market continued to grow in 2018. Impressive stats continue to be posted, including the 87th consecutive month of jobs growth, unemployment at a 17-year low, employers laying off fewer workers, productivity on the up and wage growth ahead of inflation.

Its labour market also ranks as one of the most efficient in the World Economic Forum's Global Competitiveness Report 2018. Now, some economists even think the economy is closing in on full employment. Nevertheless, behind these impressive statistics a slightly different picture emerges.

Although unemployment is low, it varies regionally and demographically. Black and Hispanic unemployment remains stubbornly high, as does the unemployment rate in the south of the country. Falling unemployment also hasn't really pushed wage growth past the 2%-3% levels of the last few years.

Going beyond these standard measures, the OECD says the US labour market generally scores in the middle of the pack in terms of job quality and labour market inclusiveness.

Sources:
[1]World Bank Group, 2019
[2]Organisation for Economic Co-operation and Development, 2018
[3]World Economic Forum, 2018
[4]Expert Market, 2018
[5]Bureau of Labor Statistics, 2019

Workforce

The US has a highly developed workforce, ranking an impressive fourth against its peers in the World Economic Forum's Global Human Capital Report 2017. US workers are also remunerated well; the average wage is USD60,014 per year, coming second globally, according to OECD data.

It's also the land of the entrepreneur. Large sections of the population are willing to take a leap of faith and start a business. There are almost 30 million small businesses in the US alone. Silicon Valley in San Francisco is the very definition of a start-up ecosystem. Other start-up communities can be found right across the US.

The US also has a rich tradition of quality education facilities and is home to some of the top universities in the world, including Harvard and the Massachusetts Institute of Technology. Despite this, the US has some of the poorest numeracy and literacy levels of OECD nations.

And like many other Western countries, its population is ageing. However, a significant proportion of future population growth is set to come from immigration. The Pew Research Center predicts that by 2050 the nation's current population of just over 326 million will rise to 438 million, with 82% of this increase due to new migrants and their descendants.

Productivity

Not only do Americans work hard, they are very productive, too. The OECD says US workers work on average 1,783 hours a year, more than their UK, German and French counterparts.

In a 2017 study, Expert Market looked at the GDP per capita of the world's 35 biggest economies and divided it by the number of hours worked per person. This then gauged which nation makes the most money in the least amount of time. Ranking sixth globally, the US also came out as the most productive of all English-speaking nations.

> Looking at the official figures, US productivity growth continues to rise at around 1.5% on a yearly basis – at a slightly slower pace than the long-term trend of 2%.

Bankruptcy

Around 20% of US small businesses fail in the first year of trading and 50% within five years, according to the US Bureau of Labor Statistics.

The US Bankruptcy Code helps protect financially troubled businesses, as well as individuals who can no longer pay their debts.

According to the World Bank's Doing Business Index 2018, the US is the third-easiest country in the world in which to resolve insolvency.

All bankruptcy cases are handled in federal courts. Businesses may file bankruptcy under Chapter 7 to liquidate or Chapter 11 to reorganise. Individuals may file Chapter 7 or Chapter 13 bankruptcy, depending on the specifics of their situation.

Chapter 7 is the simplest and most common form of bankruptcy for both individuals and businesses. A court appoints a trustee to oversee the case. They will take the remaining assets, sell them and distribute this money to creditors. One of the principles of US bankruptcy is that you are left with enough exempt property to 'make a fresh start'. This can mean keeping some equity in a family home, furniture, clothing, your car and other items.

Audit & accounts

The US follows a different set of rules for accounting than the rest of the world. Instead of applying the International Financial Reporting Standards (IFRS), used in more than 110 countries, the US uses Generally Accepted Accounting Principles (GAAP).

The major difference between the two is that GAAP is rules-based and IFRS principles-based. This means there is usually less room for interpretation with GAAP, requiring less disclosure on financial statements. GAAP also uses last-in, first-out inventory accounting methods, something that IFRS rules ban.

Because the US operates a highly litigious business environment – where accountants, auditors and a company's management team are often sued if something goes wrong – these specific GAAP 'rules' are often seen as more robust when used in defence, rather than to rely on general 'principles'.

GAAP therefore ensures a minimum level of consistency in a company's financial statements. There is, however, some convergence of IFRS and GAAP, and non-US companies registered in the country can file financial statements prepared in accordance with IFRS.

It's worth remembering, too, that because the US uses these distinct GAAP accounting methods, carrying out business internationally can be more complicated.

Taxes & wages

In this section

Highlights
Corporate taxes
Individual taxes
Withholding taxes
Indirect taxes
Foreign-owned enterprise tax
Tax incentives

Highlights

- The US has a tax-to-GDP ratio of 26%, lower than the OECD average of 34%.
- The US corporate tax rate was recently reduced from 35% to 21%, which is now in line with many other trading partners.
- Taxes are imposed by federal, state and local governments.

Ease of doing business – Paying Taxes (Rank)
37[1]

Personal Income Tax (Rate)
10%-37%[2]

Corporate Income Tax (Rate)
21%[2]

Value Added Tax (Rate)
None (Sales and Use Tax may be applicable)[3]

Sources:
[1]World Bank Group, 2019
[2]PwC, 2019
[3]Deloitte, 2019

The US tax system can be extremely complex, with additional layers of deductions, exemptions and limitations seemingly added every year.

These byzantine arrangements play out on a federal, state and local level. It means that on top of nationwide federal levies, separate tax systems are also operated by each state. And within these states, several counties or towns will also charge their own taxes.

Taxpayers, in turn, adapt to the new rules by using increasingly complex strategies to navigate the system. This can then lead to a vicious circle, where ever-more complicated rules are brought out to close loopholes. It does mean that companies and individuals spend a lot of time filling out tax forms every year.

However, US taxes are low when compared with other developed countries. US taxes at all levels of government represented 26% of GDP, compared with the OECD average of 34%.

Corporate taxes

In a bid to attract big business, the US has slashed its headline corporate tax rate from 35% to 21% – on a par with the European Union average.

Around 95% of small and medium sized businesses in the US are currently structured so they don't pay corporate tax, rather they 'flow-through' profits to their owners who then pay individual income tax. This lowering of the corporate tax rate may result in more businesses restructure as corporations. But depending on what business structure you choose, there are a host of federal, state and local tax requirements with which to comply.

First, all businesses must file and pay taxes on any income earned during the year. Estimated taxes may also apply. If you run your own business as a sole proprietor, you will also pay a self-employment tax, which covers social security and Medicaid payments. Employing staff means you will have employment tax responsibilities, including social security and Medicare payments.

Excise taxes must also be filed if you manufacture certain products, or operate some types of business.

In addition, each of the 50 states have different definitions as to what property is taxable, while most states also impose taxes on the sale of goods and services.

A 2018 study by the Tax Foundation found that Wyoming, South Dakota, Alaska, Florida and Nevada were the most tax-friendly states for business. New Jersey, New York, California, Vermont and Minnesota came out the least tax-friendly.

Businesses can choose to set up in any of the 50 US states. Generally, though, it's much easier – and more cost-effective – to incorporate in the state in which you reside. But if you don't plan to have a physical presence in the US, and operate the company from overseas, it may be advisable to incorporate your company in one of the more tax-friendly states.

Individual tax

For the tax year 2018-19, the rates are:

Rate	Individuals	Married filing jointly	Head of household
10%	Up to $9,525	Up to $19,050	Up to $13,600
12%	$9,526 to $38,700	$19,051 to $77,400	$13,601 to $51,800
22%	$38,701 to $82,500	$77,401 to $165,000	$51,801 to $82,500
24%	$82,501 to $157,500	$165,001 to $315,000	$82,501 to $157,500
32%	$157,501 to $200,000	$315,001 to $400,000	$157,501 to $200,000
35%	$200,001 to $500,000	$400,001 to $600,000	$200,001 to $500,000
37%	Over $500,000	Over $600,000	Over $500,000

As well as this, most states charge additional state income tax. Others – such as Texas, Florida and Nevada – have none, although these states do charge taxes on dividends and income from investments. Each state, though, will take taxes from you in one way or another. Generally, those that don't charge income tax will impose higher rates on property and sales taxes. There are also city income taxes levied in some places.

The US tax year starts on 1st January. Federal income tax returns must be filed by 15th April. There may be different deadlines for filing state income tax returns.

In a 2017 study, Kiplinger ranked Wyoming, Alaska, South Dakota, Florida and Nevada as the most tax-friendly states for individuals.

New York, where state taxes are viewed as high, was chosen by Guardian Money as the US representative in its survey of comparing personal tax rates across countries in Europe, Australia and North America. The 2017 Guardian Money study found that low earners in New York were taxed comparatively heavily when compared with other nations, while higher earners fared better.

Withholding taxes

US employers will most likely withhold income tax from an employee's pay cheque – sending it on to the Internal Revenue Service on their behalf.

The US taxes its citizens and tax residents on worldwide income. A foreign person, meanwhile, is usually subject to a 30% withholding tax on their US-source income, such as dividends and interest, although a reduced rate or exemption may apply if a tax treaty with another country applies.

The US payer has the responsibility of withholding the tax to the foreign person. Failing to do this can result in significant penalties.

Americans investing overseas may also see the government of the stock's home country take a slice of the dividend. These dividends will then ultimately be taxed again when the money enters the US. Some countries do have agreements in place with the US to make the process easier. The US also has the 'foreign tax credit' system in place to offset potential double taxation situations.

Indirect tax

In many states, when you buy most items, you will be charged a sales tax. In total, 45 states levy state-wide sales taxes. Some municipalities and counties within states are also authorised to collect sales taxes, which can be substantial.

The five states with the highest average combined state and local sales tax rates are Louisiana (9.98%), Tennessee (9.46%), Arkansas (9.30%), Alabama (9.01%) and Washington (8.92%). The five states with the lowest average combined rates are Alaska (1.76%), Hawaii (4.35%), Wyoming (5.40%), Wisconsin (5.42%) and Maine (5.5%).

> Federal excise taxes are also levied on specific goods, services and activities. These include motor fuel, airline tickets, tobacco, alcohol and health-related services.

Foreign-owned enterprise tax

Foreign companies can operate in the US either as a branch or subsidiary.

Operating a branch office would subject the foreign parent company to US taxation on its entire corporate income, as well as being a more visible target for lawsuits and claims in the US.

Being a subsidiary, meanwhile, allows the foreign company to operate as a separate entity in the country – paying US federal and state income taxes just on the subsidiary's taxable income. Most subsidiaries are formed as limited liability companies or corporations, although setting up can be a time-consuming and expensive process.

Tax incentives

Various business credits are available. They include tax credits for R&D activities, deductions for businesses 'going green', the provision of childcare facilities, helping to start up employee pension plans. These tax credits can be carried over from other tax years.

Work opportunity tax credits are also available for employers who hire and retain veterans and other individuals from target groups with significant barriers to employment. Employers claim around $1 billion a year in tax credits from this scheme alone.

Many states and local governments also provide incentives to encourage businesses in their jurisdictions.

Investment & trade

In this section

Highlights
Ease of doing business
Foreign investment
Competitiveness
Government incentives
Capital markets & banking
Intellectual property rights

Highlights

- The World Economic Forum ranked the US second globally in its Global Competitiveness Report 2018.
- The US continues to be the largest single recipient of foreign direct investment (FDI) in the world, attracting roughly 20% of the global total.
- Described as the 'United States of Subsidies', the US has an abundance of federal and state business incentives on offer.

FDI Net Inflows (Current USD)
$480 billion[1]

Ease of doing business - Starting a business (Rank)
53[1]

Ease of doing business - Trading across borders (Rank)
36[1]

Enabling Trade Index (Rank)
22[2]

Sources:
[1]World Bank Group, 2019
[2]World Economic Forum, 2018

Despite making up less than 5% of the world's population, Americans generate and earn more than 20% of the world's total income. It's also the world's leading trader bar none.

The US has ties that stretch to the four corners of the globe, a host of free trade agreements in place and a nation that speaks the global language of business. Facilitating all this is the US dollar; the world's reserve currency that more than 60% of countries use as an anchor.

Not only that, the US is the largest single recipient of FDI in the world.

Yet, the world continues to watch and wait to see if President Donald Trump will follow through with his plans to bring in a new era of trade protectionism, which may disturb this status quo. Threats have been made to pull out of trade agreements, notably the North American Free Trade Agreement, as well as imposing across-the-board tariffs on Chinese and Mexican imports. As Trump enters his second year in office, though, his ambitious trade agenda remains largely unfulfilled.

Ease of doing business

The US was ranked by the World Bank as the sixth-easiest place globally in which to do business in 2018. It also takes just six days to set up a business in the country, compared with the OECD average of eight days.

The World Economic Forum's Global Competitiveness Report 2018 also viewed the US as a consistent performer across all business disciplines, although it did highlight a few barriers. These included burdensome tax rates and regulations, inefficient government bureaucracy and restrictive labour regulations.

US companies also tend to pay their invoices on average 7.1 days late, according to a 2016 report by MarketInvoice.

Foreign investment

With its large consumer base, productive workforce and a business environment that encourages innovation, the US attracts roughly 20% of the global total of FDI to its shores. This is almost double what the UK, its nearest rival, draws in. The UK, Canada and Japan make up the three largest sources of foreign investment into the US.

According to the US Bureau of Economic Analysis, the four US states with the largest expenditures by foreign direct investors—California, New Jersey, New York, and Texas—together receive roughly half of all overseas investments.

It's no surprise then that five US cities – New York, San Francisco, Houston, Atlanta and Miami made the top 20 of fDi Magazine's Global Cities of the Future 2017, which looked at the success of individual cities and their governments in attracting overseas investment.

Competitiveness

Competition lies at the heart of what drives the country. It's why the US flag flies highest at most Olympic Games and they dominate Nobel Prize awards, for instance.

The country ranks second in the World Economic Forum's Global Competitiveness Report 2018 and fourth overall in terms of overall competitiveness in a survey of 63 countries compiled by the IMD business school in Lausanne, Switzerland.

It's testimony to the US's competitive spirit that it sits comfortably in the upper echelons of these league tables.

Government incentives

The country has been described as the 'United States of Subsidies'. The federal government provides a range of services and programmes for companies looking to operate there. These include general workforce development initiatives, energy efficiency grants and industry-specific incentives.

The New York Times also found there to be nearly 2,000 business incentives on offer from states across the country, with Texas, Michigan and Pennsylvania giving out the most inducements.

The US Commercial Service also assists businesses looking to export, providing help with every stage of the exporting process.

Capital markets & banking

Wall Street plays such an important part in American life. It may take up less than a mile of prime Manhattan real estate, but its influence is felt right across the globe.

Firms on the street control trillions of dollars in financial assets. Everyone from the individual investor on Main Street right through to the nation's largest companies all have a vested interest in its fortunes.

It's home to both the Nasdaq and New York Stock Exchange. Although paradoxically, much of the US investment and financial industry that calls itself Wall Street – from investment banks to hedge funds, asset managers, traders and broker-dealers – is headquartered in other cities, such as Chicago, Boston and San Francisco.

Nevertheless, New York can still rightly claim to be the home of the country's capital markets and something of a global gold standard. It also forms part of the main 24-hour New York-London-Tokyo trading axis.

> US banks have now fully recovered from the financial crisis a decade ago. They continue to play a crucial role in the economy, serving the basic banking needs of personal and business customers.

Bank accounts are easy to set up in the US. All you need is proof of identity and address.

Foreign exchange and domestic currency (USD) accounts can be held by residents both domestically and abroad. Resident domestic currency accounts are convertible into foreign currency. Non-resident bank accounts are permitted in both foreign and domestic currency accounts.

Non-resident foreign currency bank accounts are not widely available. Non-resident domestic currency accounts are convertible into foreign currency.

ATM fees can be high in America if you don't use your own bank's facilities. A 2017 survey by Bankrate.com found that the average cost for making a cash withdrawal at an out-of-network machine is now $4.69.

Credit and debit card payments are regularly used at most retail facilities. Contactless and mobile payment technology is also widespread.

Intellectual property rights

Some types of intellectual property rights are automatic in the US, but it's recommended that you always register them to protect yourself.

Under US law, if your invention is publicly disclosed without a patent you have a grace period of 12 months to register it. However, the patent application process can be complex, expensive and time-consuming.

For trademarks, whoever first uses the trademark commercially owns the rights for that trademark. Again, registering a trademark in the US can be a lengthy process.

With copyright, no registration with the copyright authorities is required but, again, it is advisable. Copyright notices can be used to deter copyright infringements.

Enforcement can be pursued through the courts; hefty fines can be dished out. Patent and copyright issues are generally decided by federal courts. Trademark issues can be pursued through either state or federal courts depending on the rights they are trying to enforce. The court systems of different states can vary greatly.

Anyone wanting further advice should contact either the US Patent and Trademark Office or the US Copyright Office.

Infrastructure

In this section

Highlights
Transport infrastructure
Digital infrastructure
Infrastructure investment

Highlights

- The US is at the forefront of deploying and adopting cutting-edge digital infrastructure.
- 86% of American workers commute to work by car, according to the US Census Bureau.
- Broadband coverage is ubiquitous across urban areas, according to a recent report by the US Federal Communications Commission.

Railway Network **293,564 km**[1]	Quality of Overall Infrastructure (Rank) **10**[2]	Quality of Port Infrastructure (Rank) **9**[2]
Motorway Network **76,334 km**[1]	Quality of Roads (Rank) **10**[2]	Quality of Air Transport Infrastructure (Rank) **9**[2]
Waterway Network **41,009 km**[1]	Quality of Railroad Infrastructure (Rank) **10**[2]	ICT Infrastructure – Network Readiness Index (Rank) **6**[2]

Everything about US infrastructure is big. The country also has the world's longest railway network, nine of the 30 busiest airports in the world and a port network that handles trillions of dollars' worth of trade every year.

A staggering 86% of American workers commute by car, according to the US Census Bureau.

This car culture has played its part in creating America's famous urban sprawl, with four in five Americans now living in built-up metropolitan areas. To facilitate the movement of people, the US has the world's largest road network; multi-lane highways criss-crossing towns, cities and states.

The US is also at the forefront of deploying and adopting cutting-edge digital infrastructure. Its economy is dependent on high-speed connectivity and its ultra-fast broadband is viewed as a basic infrastructure need.

Yet, a lot of the country's infrastructure is creaking. Go to any major city and you will see roads, bridges and other constructions that needs fixing. Cities such as Los Angeles, San Francisco, New York and Seattle suffer from traffic congestion. Lawmakers are trying to remedy the issue; US President Donald Trump's trillion-dollar infrastructure rebuilding plans aim to speed up approvals for much-needed projects.

Sources:
[1]Central Intelligence Agency, 2019
[2]World Economic Forum, 2018

Transport infrastructure

Despite ranking second overall in the World Economic Forum's Global Competitiveness Report 2018, the study highlighted that the US was lagging on infrastructure.

The American Society of Civil Engineers went a step further, giving the nation's infrastructure a near-failing D+ grade – demanding immediate improvements to the nation's roads, railways, ports, airports and waterways. They were critical of a lack of action and believed Trump's spending target represented less than a quarter of what was needed to bring the condition of US transport infrastructure up to a satisfactory level.

Digital infrastructure

For the country that invented the internet, the US continues to keep pace with digital developments. Considering its size, the nation ranks creditably – and above Canada, Germany and the UK in the world pecking order – when it comes to fixed broadband speeds, according to Speedtest's Global Index.

Broadband coverage is now ubiquitous across urban areas, according to a 2016 report by the US Federal Communications Commission, although a slightly different picture emerges for rural areas where 39% of residents lack, or have limited access to, a fixed broadband connection.

The US also stands on the brink of deploying the next-generation wired and wireless networks, including the roll-out of super-fast 5G technology.

Infrastructure investment

Some of the biggest infrastructure projects taken on in the US in recent times include the restoration and reconfiguration of Bayonne Bridge, which connects New York and New Jersey, to allow larger modern containerships to pass underneath.

Ongoing work at the Jane Byrne Interchange in downtown Chicago promises to alleviate traffic congestion at the notorious bottleneck. While the two-mile Alaskan Way Viaduct tunnel, which will snake underneath the city of Seattle, is likely to open to cars later this year, five years after work started.

There's also the near-completion of the replacement of New York City's longest bridge, the Tappan Zee, as well as Project Neon in Nevada aimed at widening the Spaghetti Bowl freeway interchange in Las Vegas.

> More longer-term projects include the ambitious Los Angeles to San Francisco high-speed rail link, which aims to carry passengers between the two Californian hubs in less than three hours, as well as similar high-speed rail-link plans to connect Dallas and Houston.

Cost of living

In this section

Highlights
Relocation
Quality of life
Commercial real estate

Highlights

- Seven American cities made it into the global top 50 in Mercer's 2018 Quality of Living Index.
- Life expectancy in the US is 79.3 years, compared with 82.2 years in nearby Canada.
- The US ranks below France, the UK and Australia for overall cost of living, according to Expatistan.

Cost of Living Country Index (Rank)
20[1]

Quality of Living City Index (Rank)

New York	**44**[2]
San Francisco	**34**[2]
Boston	**36**[2]
Honolulu	**37**[2]
Chicago	**49**[2]
Seattle	**46**[2]
Washington, DC	**53**[2]

International Property Rights Index (Rank)
14[3]

Money, they say, can't buy happiness. Yet, according to the OECD, it can bring a better quality of living. For housing, income and wealth, the US beats the competition hands down.

Despite this, US cities come out fair to middling in Mercer's Quality of Living Index, which looks at which urban areas across the globe provide the best quality of life. The rankings are based on a host of factors including political, social and economic issues.

Life expectancy in the US is 79.3 years, which is slightly below many of its peers, including Canada. The US, however, did achieve a 'high social progress' score in last year's Social Progress Index, calculated by the Social Progress Imperative.

If you look hard enough, though, the US has it all. From coastlines to big cities, ancient forests, historic monuments and no end of stunning national parks. It may just be why around half of all Americans have never left the country. They have everything they need on their – admittedly big – doorstep.

Sources:
[1]Numbeo, 2019
[2]Mercer, 2019
[3]Property Rights Alliance, 2018

Relocation

Obtaining a visa is the first priority for anyone intending to work in the US. It can take several months to complete the application process. Obtain a social security number, too. You can't work in the US without one.

Healthcare is not free. You will need full and comprehensive medical cover. Without it, you run the risk of racking up debts of thousands of dollars if you become ill.

Be aware, too, that the US is a far-away destination for many. If you send your belongings by sea, they can take several weeks to arrive. The climate also varies greatly, from the tropics of Florida to arctic Alaska. Even the more temperate New York City endures something of a weather rollercoaster; snowstorms in the winter to summer's oppressive heatwaves.

Quality of life

It's not as expensive as you might think to live in the US. Petrol, rent, groceries, restaurant meals and utilities are all generally cheaper when compared against prices in Europe and parts of Asia. Of course, healthcare costs are – on face value – far higher in the US, although it is hard to quantify how much someone from a country with a 'free' healthcare system pays for it out of their taxes.

The US ranked 22nd in Expatistan's 2018 Cost of Living survey, lining up behind France, the UK, Australia and many other Western nations.

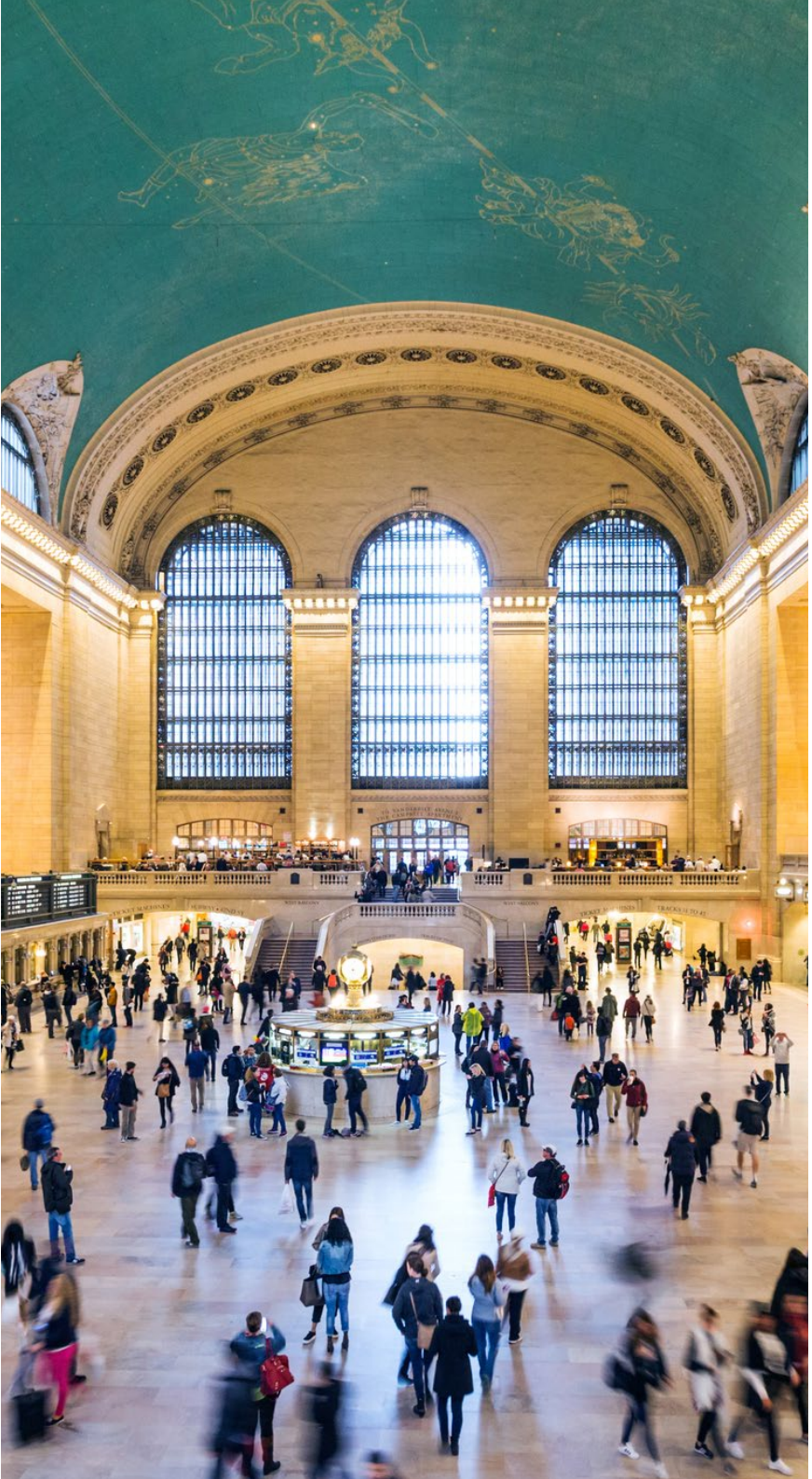
There are regional variations in the cost of living within the country. A 2017 study by GOBankingRates found that Miami, New York, San Francisco, Los Angeles and Oakland were the most expensive places of the nation's 50 biggest cities to live, with Virginia Beach, Arlington, Colorado Springs, Albuquerque and Austin the cheapest.

The average house price across the country is now around $400,000, with typical prime real estate in New York's Manhattan and San Francisco selling for triple this amount.

Commercial real estate

In a sign that the US's corporate heartbeat may slowly be shifting from Wall Street to Silicon Valley, San Francisco financial district office space is now the most expensive in the country – $5,000 a month buys you just 827 sq ft, according to an October 2017 report by Commercial Café. Midtown in New York City came a close second. For roughly the same price as San Francisco, however, you can rent an office space double the size in both Chicago and Los Angeles.

Although Hong Kong ($27,342) and London ($22,665) can still lay claim to having more expensive office rents than both San Francisco ($16,205) and New York ($15,931), as measured by workstations, according to Cushman & Wakefield's November 2017 Office Space Across the World report.



HSBC in the US

In this section

Highlights
Profile
Key products & solutions
Next steps

Highlights

HSBC Bank USA, N.A. serves customers from offices and branches in cities across the US, including New York, Los Angeles, Chicago, Atlanta, Houston, Seattle, Miami, San Francisco, and Washington, DC.

HSBC Bank USA, N.A. is a member FDIC.

Profile

In the US, HSBC is a leading financial services provider offering multinational coverage through dedicated staff and a network of Relationship Managers.

Operating from more than 230 bank branches, HSBC Bank USA, N.A. services over 2.4 million customers across the following business lines:

- Global Banking & Markets
- Commercial Banking
- Retail Banking & Wealth Management
- Private Banking

Key products & solutions

- Investment Banking: Financing Solutions; Capital Markets; M&A Advisory
- Global Markets
- Transactional Banking: Global Liquidity and Cash Management (GLCM); Global Trade and Receivables Finance (GTRF); Securities; Credit & Lending

Next steps

If you have any questions relating to our services or would like any further information:

- Speak to your HSBC Relationship Manager
- Email www.business.us.hsbc.com/en/contact-us
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