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Guide · Getting started 8 min read

Starting a Business in the U.S. as an Immigrant: The Financial Essentials

By Akanchya Acharya, CPA

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The short answer

To start a U.S. business on solid financial footing: confirm your immigration status allows you to work in or own the business, form an LLC or corporation, get an EIN, open a separate business bank account, keep books from day one, and set up estimated tax payments. Reporting all income, including cash, is what builds the credit history, Social Security record and financial statements you'll need to grow.

Step 1: Check your immigration status first

Owning a business and working in it are different things under immigration law. Some visa holders (for example, many on H-1B or F-1 status) can invest in or own a company but can't actively work for it. Talk to an immigration attorney before you start operating. It's the most important financial decision in this guide.

Step 2: Choose a structure

Sole proprietorship: simplest, but no liability protection.

LLC: protects personal assets and is flexible for tax purposes. The most common choice.

Corporation: suits outside investors. Non-resident aliens can't own S corp shares, which matters for mixed-status families.

If the owner is not a U.S. tax resident, a single-member LLC must file Form 5472 with a pro forma Form 1120 every year, even with no income. The penalty for missing it starts at $25,000.

Step 3: Get your tax ID numbers

EIN (Employer Identification Number): the business's tax ID. Free from the IRS. Apply online if you have an SSN or ITIN, or by Form SS-4 if not.

ITIN (Individual Taxpayer Identification Number): for individuals who need to file U.S. taxes but aren't eligible for a Social Security number. Apply with Form W-7.

Step 4: Separate your money

Open a business bank account and use it for every business transaction. Mixing personal and business money is the most common and most expensive first-year mistake. It makes bookkeeping unreliable, weakens your liability protection and makes lenders hesitant.

Step 5: Know your tax obligations

Report all income, including cash and payment app income, whether or not you receive a 1099. Payment platforms report larger amounts to the IRS.

Self-employment tax of 15.3% funds your Social Security and Medicare. Unreported income builds no Social Security credits for your retirement.

Pay estimated taxes quarterly if you expect to owe $1,000 or more.

If you pay workers, decide correctly between employees (W-2, payroll taxes) and contractors (1099-NEC).

Register for state sales tax if you sell taxable goods or services.

Federal beneficial ownership (BOI) reporting currently doesn't apply to companies formed in the U.S. following FinCEN's March 2025 rule, but check before you file because rules can change.

Step 6: Report accounts and income abroad

Once you're a U.S. tax resident (a green card holder, or someone who meets the substantial presence test), the U.S. taxes your worldwide income, including income from home-country bank deposits, property and investments. Foreign tax you pay can usually be credited.

- FBAR (FinCEN Form 114): required if your foreign accounts together exceeded $10,000 at any point in the year, including family accounts you can sign on. Penalties for missing it can be severe.
- Form 8938: required on your return for foreign financial assets above higher thresholds ($50,000 for a single filer living in the U.S.).
- Foreign mutual funds and insurance-linked investment products can fall under punitive PFIC rules. Get advice before buying or keeping them.

These are the most common and most expensive surprises for immigrant families, and they're easy to fix going forward if you catch them early.

Step 7: Build a financial record from day one

Clean books and filed returns are what let you get a business loan, a lease, a mortgage or investors later. Every year of accurate records makes the next opportunity easier to reach.

General information based on federal law for tax year 2026, not tax advice for your situation. State rules vary.

Want this applied to your situation? Book a free 30-minute call with Akanchya Acharya, CPA at acharyacpa.com/contact or email akansha@acharyacpa.com.

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