



FREE GUIDE · VELA ADVISORY GROUP

Moving To & Doing Business in the United States

What every immigrant, employee, student, and aspiring entrepreneur needs to know before their first U.S. tax return — written in plain English, not legal jargon.

Work Visas Green Cards Students Starting a Business Family & Estate

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NOTE

This guide compiles individual tax-residency rules alongside a practical playbook for green card holders starting their own U.S. business — two topics rarely covered together, even though they overlap constantly in real life.

Disclaimer: This guide is provided for general educational purposes only and does not constitute legal, tax, or immigration advice. No decision should be made, and no action should be taken or not taken, based solely on this information — always consult a qualified specialist about your specific situation.

PART I

For Individuals

Becoming a U.S. Tax Resident



Becoming a U.S. Tax Resident

Most immigration guides tell you how to get a visa. Almost none tell you what happens to your taxes the day you get one. By the time that question comes up, the cheap window to plan around it has usually closed.

This section covers that gap: what triggers U.S. tax residency, what changes on that date, and what to do if you still own a business or assets outside the U.S.

UPDATE — THREE RULE CHANGES LANDING THIS FALL (2026)

September 9, 2026 — the existing Public Law 114-113 biometric entry-exit fee (\$4,000 for H-1B, \$4,500 for L-1) now also applies to extension petitions, not just new hires and employer changes — but only for "covered employers" with 50+ U.S. employees where more than half the workforce holds H-1B or L-1 status. Most individual employees at typical employers won't personally encounter this fee; it mainly hits H-1B-dependent staffing and IT-services firms.

September 15, 2026 — F-1, J-1, and I visas move from indefinite "duration of status" to a fixed admission period with a formal extension-of-stay procedure — the most significant change to student/exchange-visitor visa mechanics in decades.

September 18, 2026 — A stricter public charge test returns for green card applicants, letting USCIS deny an application if the applicant is deemed likely to rely on public benefits.

None of these change the tax-residency rules in this guide, but each changes the visa mechanics around them.

At a Glance: The Taxes You'll Actually Encounter

Before diving into visa-specific rules, here's the full map. Some of these apply the moment you have U.S.-source income at all; others only apply once you're a U.S. tax resident under the tests in the next section.

Federal taxes on individuals

Tax	Rate	How It Applies
Federal income tax	10% to 37% across 7 brackets (2026)	Progressive — only income within each bracket is taxed at that bracket's rate. Applies to wages, self-employment income, interest, non-qualified dividends, and short-term capital gains.
FICA — Social Security	6.2% employee + 6.2% employer	Applies to wages up to the annual wage base (\$184,500 for 2026); earnings above that aren't taxed for Social Security.
FICA — Medicare	1.45% employee + 1.45% employer	No wage cap — applies to all earned income.
Additional Medicare Tax	0.9%	Applies on wages/self-employment income above \$200,000 (single) or \$250,000 (married filing jointly); withheld from the employee only, no employer match.



Tax	Rate	How It Applies
Self-employment tax	15.3% on 92.35% of net profit	The self-employed version of FICA, covering both the employee and employer share — why it's roughly double the wage-earner rate.
Capital gains tax (long-term, held over 1 year)	0%, 15%, or 20%	Based on taxable income: 0% up to about \$49,450 (single); 15% up to about \$545,500; 20% above that. Short-term gains are taxed as ordinary income instead.
Net Investment Income Tax (NIIT)	3.8%	Extra tax on interest, dividends, capital gains, and rental income once modified AGI exceeds \$200,000 (single) / \$250,000 (married) — these thresholds aren't inflation-indexed.
Alternative Minimum Tax (AMT)	26% / 28%	A parallel calculation that disallows certain deductions; you pay whichever is higher, regular tax or AMT. Mostly affects higher earners with large state-tax or itemized deductions.
Estate & gift tax	40% top rate	Applies above a \$15 million per-person lifetime exemption (2026). The annual gift exclusion is \$19,000 per recipient before it counts against that lifetime exemption.

Federal taxes on businesses

Tax	Rate	How It Applies
Corporate income tax (C-corp)	Flat 21%	Applies at the entity level; profits are taxed again as dividends when distributed — the "double taxation" most people mean by that phrase.
Pass-through taxation (LLC / S-corp / partnership)	Owner's individual rate, less the 20% QBI deduction	No entity-level tax; profit flows to the owner's personal return. The Qualified Business Income deduction effectively lowers the top marginal rate on qualifying business income.
FUTA (federal unemployment)	6.0% on the first \$7,000 of wages, usually reduced to 0.6% via state credit	Employer-only; funds unemployment insurance.
Withholding on payments to foreign persons (FDAP)	30% (often reduced by treaty)	Applies to U.S.-source dividends, interest, and royalties paid to nonresidents.
Branch profits tax	30% (often reduced by treaty)	An extra layer on top of regular corporate tax when a foreign corporation operates a U.S. branch instead of a subsidiary. Not relevant to a U.S. resident starting a domestic business — included for completeness.



State & local taxes

Tax	Rate	How It Applies
State income tax	0% to about 13.3%	Nine states charge no wage income tax at all (Florida, Texas, Nevada, Washington, Wyoming, South Dakota, Alaska, Tennessee, New Hampshire). Everyone else falls somewhere in between, with their own brackets.
State corporate income tax	0% to about 11.5%	A handful of states (Nevada, South Dakota, Wyoming) have none; most fall in the 4–9% range.
Local / city income tax	Often 1% to 4% where it exists	Rare, but real — New York City and Yonkers are the classic examples, stacking on top of both federal and state tax.
Sales tax	0% to about 10%+ combined	State base rate plus local add-ons. Five states have no state sales tax (Oregon, Montana, New Hampshire, Delaware, Alaska, though Alaska allows local sales tax).
Property tax	Roughly 0.3% to 2.5% of assessed value annually	Set locally to fund schools and municipal services. New Jersey and Illinois are consistently the highest; Hawaii and Alabama the lowest.

Put those three tables side by side and a pattern falls out: federal tax barely moves no matter where you live, but state, local, and property tax can swing by tens of thousands of dollars a year depending on your zip code.

THE REAL LEVER IS WHERE YOU LIVE, NOT JUST HOW YOU'RE CLASSIFIED

Federal tax is the same wherever you live in the country. State, local, and property tax are entirely a function of where you choose to live and operate — which is exactly why the \$100,000 examples later in this guide flag location as at least as important as visa type or entity choice.

Two Doors Into U.S. Tax Residency

You become a U.S. tax resident — taxed on your worldwide income, not just U.S.-source income — through either of two independent tests. Meeting either one is enough.

- ✓ Green card test — if you are a lawful permanent resident at any point during the calendar year, you are a U.S. tax resident for that year, regardless of how many days you actually spend in the country.
- ✓ Substantial presence test (SPT) — a day-counting formula: you're a resident if you're physically present at least 31 days in the current year, and the sum of (current-year days) + $(1/3 \times \text{prior-year days})$ + $(1/6 \times \text{two-years-prior days})$ equals 183 or more.

**WORTH KNOWING**

An "exempt individual" (most F, J, M, and Q student and exchange visitors) doesn't count days toward the SPT during their exempt period. And a first-year choice or dual-status return can split your first partial year into a nonresident portion and a resident portion, each taxed differently. If your home country has a U.S. tax treaty, a tie-breaker test may let you stay a nonresident for treaty purposes even after meeting the SPT -- but this requires an affirmative treaty position filed with your return (Form 8833).

Path 1: Arriving on a Work Visa as an Employee

This covers the common employer-sponsored categories: H-1B (specialty occupation), L-1 (intracompany transferee), O-1 (extraordinary ability), E-3 (Australian nationals), and TN (Canadian/Mexican professionals under USMCA).

- ✓ Residency start date: almost all of these visa categories count every day toward the SPT from day one -- there is no student-style exemption. Most H-1B/L-1 arrivals become full U.S. tax residents the calendar year they cross the 183-day-weighted threshold, often within their first year.
- ✓ Withholding and payroll: your employer withholds federal income tax based on your Form W-4, plus Social Security and Medicare (FICA) -- unlike F-1/J-1 students, work-visa employees are not FICA-exempt.

UPDATE — RECENT AND UPCOMING VISA-FEE CHANGES

Starting September 9, 2026, the existing Public Law 114-113 biometric entry-exit fee (\$4,000 for H-1B, \$4,500 for L-1) expands to cover extension petitions, not just new hires and employer changes as before -- but it only applies to "covered employers" with 50 or more U.S. employees where more than half the workforce holds H-1B or L-1 status. Separately, a \$100,000 H-1B fee proposed in a September 2025 presidential proclamation was vacated by a federal district court in June 2026; a federal appeals court declined the government's request to reinstate it during the pending appeal, so the fee is not currently being collected as of this writing. The underlying litigation is unresolved and the government may still pursue further appeal -- confirm current status directly with immigration counsel. And since late February 2026, the H-1B lottery itself weights selection toward higher wage levels, which changes the odds for entry-level roles relative to senior ones.

Path 2: Green Card Holders — Employee or Business Owner

A green card changes the analysis in one important way: residency starts the day you're admitted as a lawful permanent resident (or, for adjustment-of-status cases, the day status is approved) -- independent of days physically present. From that day, worldwide income is reportable.

- ✓ Totalization agreements: if your home country has a U.S. Social Security totalization agreement -- the U.S. has about 30 of these, including most of Western Europe, Canada, Japan, South Korea, Australia, and Brazil -- a short-term assignee may stay on home-country social security and avoid double contributions. Notable gaps include most of Central America, India, and China.
- ✓ State residency is a separate question from federal residency -- moving to a no-income-tax state (Florida, Texas, and a handful of others) can matter as much as the federal analysis.



- ✓ Your first partial year is very likely a dual-status year -- this affects which deductions and credits you can claim and generally requires professional preparation, not off-the-shelf software.
- ✓ As an employee, the mechanics resemble the work-visa path above, except there is no ambiguity about residency -- you are one, by definition.
- ✓ As a business owner, starting a U.S. company means the same entity-choice decision covered in Part II -- most green card holders form a domestic LLC or corporation directly.
- ✓ Long-term resident status is worth understanding before you get there: once you've held a green card in at least 8 of the last 15 tax years, giving it up can trigger the same expatriation ("exit") tax that applies to citizens renouncing citizenship. Many people are surprised a green card isn't simply reversible.
- ✓ Estate and gift tax exposure changes immediately: a green card holder is taxed like a U.S. citizen on worldwide assets, with the same multimillion-dollar lifetime exemption (\$15 million per individual for 2026) -- a much larger exemption, but on a much larger asset base if you own property or a business abroad.

TIMING MATTERS HERE TOO

If you hold significant foreign assets and are on a green card track, talk to an estate planning attorney before the green card is approved, not after.

UPDATE — PUBLIC CHARGE TEST RETURNS SEPTEMBER 18, 2026

USCIS will resume the stricter version of this test, which can result in a green card denial if the applicant is deemed likely to depend on public benefits such as food stamps, Medicaid, or housing assistance. If your application is pending or upcoming, this is worth discussing with your immigration attorney now rather than after filing.

Path 3: Arriving as a Student

F-1 and M-1 (academic/vocational) and J-1 (exchange visitor) students get the most favorable tax-residency treatment of any category -- but only temporarily.

- ✓ Exempt-individual rule: F-1, J-1, M-1, and Q visa holders don't count days toward the SPT for up to 5 calendar years -- meaning most students remain nonresident aliens for tax purposes for their first 5 calendar years, even though they're physically present far more than 183 days a year.
- ✓ FICA exemption: as nonresident aliens performing services consistent with their visa purpose (on-campus work, CPT, OPT), F-1/J-1 students are exempt from Social Security and Medicare tax during their nonresident period -- a real payroll saving that ends once the 5-year window closes.
- ✓ Scholarships and stipends: the taxable portion is U.S.-source income subject to 14% withholding for nonresident students on F/J/M/Q visas (30% for other nonresidents), often reduced or eliminated by treaty.
- ✓ Filing: nonresident students file Form 1040-NR (if they have U.S. income) and, even with zero U.S. income, must file Form 8843 every year simply to document exempt-individual status -- a commonly missed requirement with no dollar threshold.
- ✓ Transition to work status: once the 5-year exempt window expires, every day starts counting toward the SPT under the ordinary rules -- a student who's been in the U.S. more than 5 years is generally already a resident by the time an H-1B starts.

**UPDATE — STRUCTURAL CHANGE EFFECTIVE SEPTEMBER 15, 2026**

F-1, J-1, and I visas are moving from indefinite "duration of status" to a fixed admission period with a formal extension-of-stay procedure. In practice, students and exchange visitors will need to actively track an admission end date and file for an extension well before it lapses. This doesn't change the tax rules above, but it raises the cost of losing track of your paperwork.

What Would You Actually Pay? Two \$100,000 Examples

Both examples assume a single filer taking the standard deduction, 2026 federal rates — a simplified illustration, not a substitute for an actual return.

Line Item	Employee — \$100K Salary	Owner — \$100K Net Profit
Self-employment tax deduction	N/A	−\$7,065
Standard deduction (2026)	−\$16,100	−\$16,100
QBI deduction (20%)	N/A	−\$18,587
Taxable income	\$83,900	\$58,248
Federal income tax	\$13,170	\$7,527
FICA / SE tax	\$7,650	\$14,130
Total federal tax + FICA/SE	\$20,820	\$21,657
Approx. take-home (federal only)	\$79,180	\$78,343

A detail worth noticing: the two totals land within about \$800 of each other, but for different reasons. The employer separately pays a matching 7.65% FICA contribution that never touches the employee's paycheck. A self-employed person pays both shares via self-employment tax, partly offset by the QBI deduction. Neither structure is simply "better" — it depends on your numbers, benefits, and plans.

UPDATE — STATES AND CITIES CAN TAX THIS INCOME TOO

Both examples are federal only. State income tax ranges from \$0 (FL, TX, NV, WA) to over 10% (CA, NY, HI, NJ). NYC and Yonkers layer on local tax too.



How Financial Instruments Are Taxed

Wages aren't the only thing taxed once you're a U.S. resident — every dollar of investment income is too, and different instruments are taxed differently.

Instrument	How It's Taxed	Key Notes
Savings accounts & CDs	Ordinary income tax rates	Reported on Form 1099-INT; no preferential rate regardless of how long you held it.
U.S. Treasury bonds/bills	Ordinary rates (federal)	Interest is exempt from state and local income tax.
Municipal bonds	Generally exempt from federal tax	Often also state-exempt if issued by the state you live in; "private activity" bonds can trigger AMT.
Corporate bonds	Ordinary income tax rates	No preferential treatment for interest income.
Stocks — qualified dividends	0%, 15%, or 20%	Generally requires a U.S. corporation, or a treaty-country foreign one, held for a minimum period.
Stocks — non-qualified dividends	Ordinary income tax rates	Common for REITs, many foreign stocks, and money-market fund distributions.
Stocks — capital gains (long-term)	0%, 15%, or 20%	Held over 1 year; same brackets shown in the At-a-Glance table.
Stocks — capital gains (short-term)	Ordinary income tax rates	No preferential rate for quick trades, regardless of amount.
Mutual funds & ETFs	Passes through gains/dividends/interest	Can generate a taxable "capital gains distribution" even if you never sold a share.
Employer RSUs	Ordinary income tax at vesting	Taxed as wages when shares vest, whether or not you sell them.
Employer ISOs	No regular tax at exercise, but AMT risk	Can trigger a real AMT bill in the exercise year with no cash received.
Traditional 401(k) / IRA	Tax-deferred; ordinary tax on withdrawal	10% penalty generally applies to withdrawals before age 59½.
Roth 401(k) / IRA	After-tax; qualified withdrawals tax-free	Contribution eligibility phases out at higher incomes.
Cryptocurrency	Treated as property, not currency	Capital gains/loss rules apply to every sale, trade, or crypto-to-crypto purchase.
Foreign brokerage accounts & funds	Same rules + extra reporting	Subject to FBAR/FATCA; a foreign-domiciled fund is very often a PFIC once you're a resident.

Most of this table is intuitive once you know the category — the one instrument type worth pausing on is anything foreign and pooled.

**UPDATE — THE PFIC TRAP SHOWS UP HERE, NOT JUST IN BUSINESS OWNERSHIP**

The same rules hit something much more common than a foreign business: a foreign mutual fund, pension-linked investment product, or brokerage "fund of funds" you already held before moving to the U.S. Almost any pooled foreign investment vehicle becomes a PFIC the moment you're a U.S. tax resident. If you're keeping an investment account open back home, get it reviewed before your first U.S. tax year closes — the elections that soften PFIC treatment are timing-sensitive.

Renting vs. Owning: The Tax and Cost Comparison

One of the biggest financial decisions after arriving is whether to rent or buy. The tax treatment doesn't actually depend on whether you're an employee or a business owner — what changes for a business owner is an extra deduction layered on top of whichever you choose.

Item	Renting	Owning
Monthly payment deductibility	Not deductible	The principal portion is never deductible either — only the mortgage interest portion, and only if you itemize.
Property tax	N/A (paid indirectly through rent)	Deductible if you itemize, subject to the \$40,400 SALT cap (2026), shared with state/local income tax.
Mortgage interest	N/A	Deductible if you itemize, on up to \$750,000 of acquisition debt (\$1 million pre-Dec. 16, 2017).
Standard deduction vs. itemizing	Renters almost always take the standard deduction	Only worth itemizing if mortgage interest + SALT + other deductions exceed the standard deduction.
Gain on sale	N/A	Up to \$250,000 (\$500,000 married) of gain is tax-free if owned and lived in at least 2 of the last 5 years.
PMI (private mortgage insurance)	N/A	If your down payment is under 20%, PMI premiums are now treated as deductible mortgage interest (a 2026 change).
Maintenance & repairs	The landlord's responsibility and cost	Your responsibility and cost, and never deductible for a personal residence.

Everything above applies the same way whether you're a W-2 employee or run your own business. Business owners get one deduction on top of it, though.

**THE BUSINESS-OWNER OVERLAY: HOME OFFICE DEDUCTION**

If you're self-employed or run a small business and use part of your home regularly and exclusively for it, a home office deduction is available whether you rent or own — either a simplified \$5-per-square-foot method (up to 300 square feet, \$1,500 maximum) or an actual-expense method prorating rent, mortgage interest, utilities, and depreciation. It's one of the few tax benefits that doesn't care whether you rent or own.

What Renting and Owning Actually Cost

Item	Renting	Owning
Upfront cost	Security deposit (1–2 months' rent) plus first month's rent; broker fees common in some cities.	Down payment (as low as 3–5% on some loans, though newcomers without U.S. credit often face 20%+), plus closing costs of 2–5% of the loan amount.
Ongoing monthly cost	Rent, plus renter's insurance (\$15–\$30/month).	Mortgage principal & interest, property tax, homeowner's insurance, PMI if under 20% down, HOA fees where applicable.
Maintenance	None — the landlord's responsibility.	Typically budgeted at 1–2% of the home's value per year.
Flexibility to relocate	Easy — move at lease end.	Selling carries real transaction costs (commonly 6–10% of sale price), so it only pays off if you stay long enough to recoup them.

The Credit History Problem Every Immigrant Hits

Here's an obstacle that has nothing to do with tax law but affects almost everyone in this guide: even with an excellent credit history back home, you arrive in the U.S. "credit invisible." The major U.S. credit bureaus have no file on you at all, and your foreign credit history doesn't automatically transfer — it isn't a reflection of your creditworthiness, it's simply that the U.S. system only recognizes U.S. payment history.

- ✓ Why it bites immediately: landlords routinely run a U.S. credit check before approving a lease, and "no file" is often treated worse than "bad credit." You may be asked for a larger security deposit, a co-signer, or several months of rent paid upfront.
- ✓ Why it matters for buying: conventional mortgages generally require a U.S. credit score; without one, most lenders require a much larger down payment (often 20–40%), though some banks run dedicated "foreign national" or newcomer mortgage programs.
- ✓ An option worth knowing about: services like Nova Credit translate a foreign credit history from a growing list of countries into a U.S.-equivalent score that a handful of lenders (American Express is the best-known) will accept in place of a U.S. file.
- ✓ The standard building blocks: a secured credit card, becoming an authorized user on a trusted family member's card, or a credit-builder loan. Most newcomers see their first U.S. score within 3–6 months, and a solid score (670+) within 12–18 months of on-time payments.



- ✓ No SSN yet? Some credit unions and fintech card issuers accept an ITIN instead of a Social Security number for starter credit products.

Driver's License and Auto Insurance: The Same Problem, Different Context

This is the credit-invisibility problem's close cousin, and it catches almost as many people off guard: your driving record doesn't transfer to the U.S. any more than your credit history does.

- ✓ Getting licensed: each state's motor vehicle agency sets its own rules, but typically requires proof of identity, proof of residency, and often a Social Security number. A foreign license may be valid for a short grace period (often 30–90 days) before a written and sometimes road test is required.
- ✓ REAL ID matters: a standard license that isn't REAL ID-compliant can no longer be used to board a domestic flight or enter certain federal facilities — ask for it specifically at the DMV.
- ✓ Auto insurance is where this really bites: there's no widely-used service that imports a foreign driving record into the U.S. system. New arrivals routinely get quoted premiums 2–3 times higher than an equally safe driver with U.S. history, purely for lacking one.
- ✓ What actually helps: shop multiple insurers, ask specifically whether a foreign-license or driving-history discount program exists, maintain continuous coverage from day one, and consider bundling auto with renter's or homeowner's insurance.

Health Insurance: What You Need to Know

Every relocation guide worth reading flags this, and for good reason: healthcare in the U.S. is expensive without coverage, and a gap during your transition is a real financial risk, not a hypothetical one.

- ✓ Where coverage comes from: employer-sponsored insurance (the most common path for work-visa employees), an ACA marketplace plan if you're self-employed or between jobs, or a spouse's or parent's plan if you qualify.
- ✓ Open enrollment isn't always a wait: moving to the U.S. or gaining a new immigration status is itself a "qualifying life event" that opens a special enrollment period.
- ✓ The Medicaid gap surprises people: most green card holders face a 5-year waiting period before they can enroll, even though they're lawfully present and paying into the system through their taxes.
- ✓ Learn the vocabulary early: premium, deductible, copay/coinsurance, and out-of-pocket maximum.
- ✓ Mind the gap before coverage starts: if there's a window before your first U.S. plan's effective date (often 30–90 days for a new job), a short-term international or travel medical policy can cover it.

EMERGENCY ROOMS WILL TREAT YOU — BUT THE BILL STILL COMES

Federal law (EMTALA) requires emergency rooms to treat you regardless of insurance or immigration status, but that doesn't make the visit free — full billing follows, and an uninsured ER visit commonly runs into the thousands of dollars. Urgent care is almost always dramatically cheaper for anything that isn't a true emergency.



Finding a School for Your Child

If you're relocating with school-age children, this decision often ends up shaping where you choose to live — worth researching before you sign a lease or buy a home, not after.

School Type	How It Works	Cost
Public school	Free, funded by local and state taxes. Enrollment is tied to your home address ("zoned"), not a separate application in most cases.	Free
Charter school	Publicly funded but independently operated, often around a specific theme. Open district- or region-wide, typically through a lottery.	Free
Magnet school	A public school with a specialized focus that draws students from across a district. Admission by application, audition, or lottery.	Free
Private school	Independently run, with its own admissions process — often an application, interview, and sometimes an entrance exam.	Tuition-based; financial aid often available

Whichever type of school you're considering, one protection applies no matter your family's immigration status.

A RIGHT WORTH KNOWING ABOUT

Under U.S. constitutional law (the Supreme Court's 1982 decision in *Plyler v. Doe*), public schools must enroll school-age children who live in their district regardless of the family's immigration status, and cannot require proof of immigration status or a Social Security number as a condition of enrollment.

Enrollment: Ages and What You'll Need

Kindergarten entry-age cutoffs vary by state — most require a child to turn 5 by a date between August 1 and December 1 of that year.

- ✓ Proof of residency in the school's zone (a lease, mortgage statement, or utility bill in your name is typical).
- ✓ Your child's birth certificate or passport.
- ✓ Immunization records — states require specific vaccines before enrollment; records from your home country can often be translated and accepted.
- ✓ Prior school records or transcripts, if your child is transferring mid-education — translated if not already in English.

If Your Child Doesn't Speak English

Public schools are legally required to help — this isn't a courtesy, it's a federal civil rights obligation stemming from Title VI of the Civil Rights Act and the Supreme Court's 1974 decision in *Lau v. Nichols*.

- ✓ Identification: most schools administer a Home Language Survey at enrollment, followed by an English proficiency assessment, to determine ELL/ESL eligibility.



- ✓ Support models vary by school and district: ESL pull-out classes, sheltered English immersion, and dual-language immersion programs.
- ✓ These services are free and cannot be charged to families as an added cost.
- ✓ You have a right to communication in your language: schools receiving federal funding are expected to provide translated materials or interpretation upon request.

Practical tip: for competitive charter, magnet, or private schools, application deadlines are often 6–12 months before the school year starts — start researching earlier than feels necessary.

Estate Planning Essentials: Wills, Power of Attorney, and More

This tends to feel like a "someday" task — but once you're a green card holder your worldwide estate is inside the U.S. estate tax base, and cross-border families face estate complications that purely domestic families don't. It's worth treating as first-year business, not someday business.

The Core Documents Most People Need

- ✓ Last Will and Testament — directs who receives your assets and, critically for parents, names a guardian for minor children. Without a will, a U.S. court decides who raises your children based on state law, not your wishes.
- ✓ Durable Power of Attorney (POA) — appoints someone to manage your financial and legal affairs if you become incapacitated. Without one, your family may need to petition a court for conservatorship.
- ✓ Healthcare Power of Attorney — appoints someone to make medical decisions on your behalf if you can't communicate them yourself.
- ✓ Living Will / Advance Directive — states your wishes about end-of-life medical treatment.
- ✓ Beneficiary designations — on retirement accounts, life insurance, and payable-on-death bank accounts. These override whatever your will says, so they need updating after every major life event.

Where a Trust Might Make Sense

A revocable living trust can help your estate avoid probate, keep matters private, and simplify things if you own real estate in more than one state or country. More advanced irrevocable trusts come into play for estate-tax planning or asset protection — worth a dedicated conversation if your estate is large or includes a business.

A detail most people don't know about: if a meaningful share of your estate is U.S. real estate, that value is illiquid — your heirs can't easily sell a fraction of a house to cover an estate tax bill. Life insurance is commonly used to provide that liquidity, so property doesn't have to be sold under pressure just to pay the tax. For this to work as intended, the policy generally needs to be owned by an irrevocable life insurance trust (ILIT) rather than by you personally — if you own the policy outright, the death benefit itself gets added to your taxable estate, which can defeat the purpose. This is worth raising with an estate planning attorney alongside the will and trust conversation above, not as an afterthought.

**UPDATE — IF YOU STILL OWN ASSETS OR A BUSINESS ABROAD**

A U.S. will alone often isn't enough. Many countries — particularly civil-law systems common outside the U.S. — have "forced heirship" rules that dictate fixed shares of an estate to specific family members, regardless of what a will says. A U.S. will may not be recognized the way you expect for assets located abroad, and a foreign will may not control U.S. assets either. Coordinated estate planning on both sides is worth doing before it becomes urgent.

Other Visa Categories at a Glance

Visa	Typical Holder	Tax-Residency Notes
B-1/B-2	Business visitor / tourist	No work authorization, but day-counting for the SPT still applies to any presence.
E-1/E-2	Treaty trader / treaty investor	Requires a qualifying treaty between the U.S. and the investor's country. Ordinary SPT/green-card rules apply.
EB-5	Immigrant investor	Once the green card is issued, worldwide taxation starts immediately — often before the investment itself has become profitable.
J-1 (non-student)	Researcher, professor, trainee, au pair	Exempt treatment is generally 2 calendar years, not the 5 years that applies to students.
TN	Canadian/Mexican professional (USMCA)	Taxed the same as any other work-visa employee; no special residency treatment.
O-1	Extraordinary ability	Full day-counting from arrival, no exemption.
R-1	Religious worker	Same as work-visa employees for tax purposes, though FICA treatment can vary by the sponsoring organization's own tax status.

Understanding U.S. Employment and Labor Law

Many immigrants arrive from countries with far more prescriptive labor codes — mandatory severance, statutory notice periods, generous paid leave guaranteed by law. The U.S. system works differently, and the gap between what you expect and how it actually works catches people off guard.

At-Will Employment: The Default Almost No One Expects

In nearly every state, employment is "at will": either the employer or the employee can end the relationship at any time, for almost any reason, without notice or severance.

- ✓ Exceptions exist: an employer can't fire you for an illegal reason — discrimination, retaliation, or exercising a legal right like taking FMLA leave. A written employment contract or union agreement can also override at-will status.



- ✓ The federal WARN Act requires 60 days' advance notice before a mass layoff at larger employers (generally 100+ employees).
- ✓ Montana is the only state that has departed from at-will employment for most employees after a probationary period.

Wages and Overtime

- ✓ The federal minimum wage is \$7.25/hour, unchanged since 2009 — but you're entitled to whichever is highest among federal, state, and city minimums.
- ✓ Overtime under the FLSA: "non-exempt" employees must be paid 1.5x their regular rate for hours worked beyond 40 in a week; "exempt" salaried professionals earning at least \$684/week aren't entitled to overtime at all.
- ✓ Tipped employees can legally be paid a lower direct cash wage if tips make up the difference to the full minimum wage — rules vary meaningfully by state.

UPDATE — RELEVANT IF YOU'RE MOVING TO FLORIDA

Florida's minimum wage reaches \$15.00/hour on September 30, 2026 (up from \$14.00), the final step of a schedule Florida voters approved in 2020. After that, it adjusts annually for inflation rather than jumping again by a fixed amount.

Paid Time Off: There's No Federal Right to Any

This surprises almost everyone: the U.S. has no federal law requiring paid vacation, paid holidays, or paid sick leave of any kind.

- ✓ Paid sick leave is mandated in a growing number of states and cities — but not federally, and not everywhere. Florida has no state paid-sick-leave mandate, and state law actively bars individual Florida cities from creating their own.
- ✓ Typical private-sector PTO in the U.S. tends to be meaningfully less generous than what's standard elsewhere.
- ✓ Private employers aren't required to give paid time off for any holiday, even widely observed ones.

Family and Medical Leave

The federal Family and Medical Leave Act (FMLA) provides up to 12 weeks of unpaid, job-protected leave per year — but only at employers with 50+ employees within 75 miles, and only after 12 months and 1,250 hours worked. A growing list of states run their own paid family and medical leave programs; Florida currently does not have one.

Worker Classification: Employee or Independent Contractor?

A contractor receives Form 1099-NEC, handles their own self-employment tax, and isn't covered by minimum wage, overtime, or most anti-discrimination protections. Misclassification is common and increasingly enforced. If you're told you're a "contractor" but work set hours, use company equipment, and take day-to-day direction like an employee, the label your employer chose may not hold up legally.

Protections That Apply Regardless of National Origin or Citizenship Status

- ✓ Federal law (Title VII) prohibits employment discrimination based on national origin and religion, including discrimination based on being foreign-born or based on accent.
- ✓ Federal immigration law separately prohibits "document abuse": an employer cannot demand more or different documents than legally required for Form I-9 verification because of your national origin or citizenship status.



A Few More Practical Basics

- ✓ Workers' compensation — if injured on the job, your employer is required in nearly every state to carry insurance covering medical care and lost wages, regardless of fault.
- ✓ Final paycheck timing after leaving a job varies by state.
- ✓ The right to discuss pay — most private-sector employees have a federally protected right to discuss wages with coworkers, whether or not a workplace is unionized.

Staying Outside the U.S. Too Long Can Cost You Your Green Card

This connects directly to the next section: if you're still involved with a business or family obligations abroad, a green card isn't risk-free to hold while you travel to manage them.

- ✓ The 6-month mark: an absence of more than 180 days can subject you to extra questioning at the border and can break the "continuous residence" required for future naturalization.
- ✓ The 1-year mark: absences of a year or more create a legal presumption that you've abandoned your permanent residency.
- ✓ The fix: if you know you'll be outside the U.S. for more than a year (or even six months, to be safe), file Form I-131 for a re-entry permit before you leave. It must be filed while you're still physically in the U.S. and is valid for up to two years.
- ✓ A permit isn't a guarantee: even with one, a CBP officer can still question your intent to permanently reside in the U.S. based on where your family lives, where you file taxes, and whether you maintain a U.S. home.

IF YOU'RE THE ONE FLYING BACK TO RUN THE FAMILY BUSINESS

This is exactly the travel pattern that draws scrutiny: frequent, extended trips to manage a foreign business are precisely the profile immigration officers are trained to ask about. Plan your travel schedule with this rule in mind, not just around what the business needs.

Selective Service Registration: An Easy-to-Miss Legal Requirement

A federal requirement that catches many immigrant families off guard: most male green card holders between 18 and 25 must register with the Selective Service System, the same requirement that applies to U.S. citizens.

- ✓ Who must register: green card holders, refugees, asylees, and parolees between 18 and 25 must register within 30 days of turning 18, or within 30 days of receiving that status if later.
- ✓ Why it matters even with no active draft: failing to register can block eligibility for federal student aid, federal jobs, and job training programs, and can surface as a "good moral character" problem years later during naturalization.
- ✓ How to register: free and fast, directly at sss.gov.

**WORTH CHECKING NOW, NOT AT THE CITIZENSHIP INTERVIEW**

This has nothing to do with taxes or business, but it quietly resurfaces years later during naturalization. If there's an eligible son in the family between 18 and 25, confirm this is handled now.

If You Still Own a Business Back Home

This is the single most consequential — and most often missed — issue for an immigrant entrepreneur. The moment you become a U.S. tax resident, your worldwide income is reportable, which includes your ownership interest in a foreign business, even if it never sends you a dollar.

\$10,000

starting penalty per year for not filing Form 5471

\$2M

net worth threshold that can trigger exit tax on renouncing a green card

5 yrs

tax-free window for most F-1/J-1 students

- ✓ **Controlled Foreign Corporation (CFC) rules:** if your home-country company is a corporation and U.S. persons together own more than 50% of it, it's a CFC. As a 10%-plus U.S. shareholder, you report a current-year inclusion of Subpart F income and Net CFC Tested Income — even if the company distributes nothing. A Section 962 election can sometimes soften this.
- ✓ **Form 5471 filing:** 10%-plus U.S. shareholders, officers, and directors of most foreign corporations must file Form 5471 every year. The penalty for not filing starts at \$10,000 per corporation per year and can reach \$60,000, and it keeps your entire tax return's statute of limitations open indefinitely — the single most common, most expensive compliance gap among new immigrant business owners.
- ✓ **PFIC rules:** if the foreign entity is a passive investment vehicle, it may be a Passive Foreign Investment Company, taxed under a punitive excess-distribution regime unless a QEF or mark-to-market election is made — generally in your first year of ownership.
- ✓ **FBAR and FATCA:** foreign accounts trigger FinCEN Form 114 once aggregate balances exceed \$10,000 at any point in the year, and Form 8938 at higher thresholds.
- ✓ **Estate and gift tax:** once you're a resident, your worldwide estate — including the foreign business — is inside the U.S. estate tax base, not just your U.S. assets.
- ✓ **Exit tax exposure:** giving up a long-term green card or renouncing citizenship later can make you a "covered expatriate" if your net worth is \$2 million or more, your average annual U.S. tax exceeds \$211,000 (2026 threshold), or you fail to certify five years of tax compliance — triggering a deemed sale of everything you own worldwide.

**UPDATE — IF YOU'RE NOT THE SOLE OWNER OF THE FOREIGN COMPANY**

OBCCA reinstated a rule (Section 958(b)(4)) that limits how stock ownership is attributed between foreign and U.S. persons, and simultaneously added a new parallel regime (Section 951B). Some foreign corporations that were treated as CFCs under the old attribution rules no longer are — but losing CFC status can revive exposure to the punitive PFIC regime instead. This mainly bites in family-ownership or multi-shareholder structures. If anyone besides you personally holds shares in the foreign company, have this checked specifically.

NONE OF THIS IS A REASON TO AVOID U.S. RESIDENCY

It's a reason to plan the entity structure and elections before residency starts, not after — several of the relevant elections have first-year-only deadlines that can't be revisited later.

Money and Gifts From Family Back Home

This surprises a lot of people: a gift or inheritance from family abroad is not taxable income to you — but receiving one can still create a filing obligation, and skipping it is expensive.

- ✓ Form 3520 for foreign gifts and inheritances: if you receive more than \$100,000 in a year from a nonresident alien individual or foreign estate (aggregated across multiple gifts and related donors), or more than roughly \$20,000 from a foreign corporation or partnership, you must file Form 3520. There's usually no tax due — this is a disclosure requirement, not a tax bill.
- ✓ The penalty for skipping it doesn't care that no tax was owed: 5% of the gift's value per month it's late, up to 25% of the total — a \$200,000 inheritance you forgot to disclose can cost \$50,000 in penalties alone.
- ✓ Foreign retirement and pension accounts are a common surprise: a retirement vehicle from your home country can sometimes be classified by the IRS as a foreign trust, triggering Form 3520 and the more demanding Form 3520-A, or as a PFIC if it's investment-linked.

UPDATE — THE SAFETY NET JUST GOT SMALLER — ACT SOONER RATHER THAN LATER

On July 1, 2026, the IRS eliminated the Delinquent FBAR Submission Procedures, a long-standing program that let people catch up on missed FBAR filings penalty-free. The IRS Streamlined Filing Compliance Procedures remain available as of today, but the IRS has been visibly narrowing these relief programs — the cost of fixing it tends to go up the longer you wait, not down.

Deadlines You Need on Your Calendar

Most of the penalties in this guide aren't for owing tax — they're for missing a form or a date. Here's the calendar that actually matters:



Item	Deadline	Notes
Federal income tax return (1040 or 1040-NR)	April 15	A limited automatic 2-month extension to June 15 exists for certain nonresidents without U.S. wage withholding.
Filing extension (Form 4868)	Extends filing to October 15	Extends the paperwork deadline only — not payment.
FBAR (FinCEN Form 114)	April 15	Automatic extension to October 15 with no form or request needed.
Form 8843	Same as your income tax return	Required every year you're an exempt individual, even with zero U.S. income.
Forms 5471, 8865, 8621, 8938	Filed with your income tax return	Follow the same extended deadlines as the return itself.
Form 3520 (foreign gifts and trusts)	Same as your income tax return, incl. extensions	Filed separately from your 1040 — can't be e-filed.
Quarterly estimated tax (Form 1040-ES)	Apr 15, Jun 15, Sep 15, Jan 15	Underpayment penalties accrue quarterly, not just at year-end.

Most of the dates above assume you already have a filing number. If you don't yet, that's its own lead time to plan around.

GETTING YOUR FIRST ITIN OR SSN

If you're not eligible for a Social Security number, you'll need an Individual Taxpayer Identification Number (Form W-7), typically filed with your first tax return. Processing routinely takes 7 to 11 weeks, longer during peak filing season. A Certified Acceptance Agent can verify your passport in person so you're not mailing original documents to the IRS.

One more mechanical point worth knowing: if you still have foreign-source income being taxed abroad while you're also a U.S. resident, Form 1116 (Foreign Tax Credit) generally lets you credit foreign tax already paid against your U.S. liability on the same income — the mechanism that prevents the same dollar from being taxed twice.

Your First-Year Checklist

- ✓ Determine your residency start date and whether your first year is a dual-status year.
- ✓ Apply for a Social Security number (if work-authorized) or an ITIN before your first filing deadline.
- ✓ Inventory every foreign account, foreign corporation, foreign partnership, and foreign trust interest you hold.
- ✓ If you own 10%+ of a foreign company, decide before year-end whether a Section 962 election, a QEF election, or a restructuring makes sense.
- ✓ Check whether your home country has a Social Security totalization agreement and a tax treaty with the U.S.
- ✓ Coordinate with a home-country advisor so you don't fall into a double-filing gap in the transition year.



- ✓ If you hold significant foreign assets and are on a green card track, talk to an estate planning attorney first.
- ✓ If you've received (or expect to receive) significant gifts or inheritance from family abroad, confirm whether Form 3520 applies.

You don't have to map this alone.

Vela Advisory Group works with a network of independent, licensed immigration attorneys, cross-border tax preparers, estate planning attorneys, and financial advisors who between them cover the visa strategy, the tax compliance work above, the estate plan, and the practical logistics of relocating.

- ✓ A free 30-minute discovery call to map your specific situation
- ✓ Direct introductions to the right specialist — no generic referral list
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PART II

For Entrepreneurs

Starting a U.S. Business as a Green Card Holder



Starting a U.S. Business as a Green Card Holder

Part I covered what happens the day you become a U.S. tax resident. This part goes a step further: what changes when you decide to actually start a business here, not just work for one. As a green card holder, you're a U.S. person for every purpose that matters — there's no special "foreign investor" category, no withholding on your own income, no branch profits tax. That's good news. It also means your compliance picture looks like any other U.S. entrepreneur's, with a few wrinkles specific to newcomers.

Choosing Your Business Structure

Part I introduced this briefly; here's the fuller picture.

- ✓ Sole proprietorship — the default if you do nothing else: simplest to start, but offers no liability protection between you and the business, and all profit is subject to self-employment tax.
- ✓ LLC (Limited Liability Company) — the most common choice for new business owners. Shields personal assets from business liabilities, and by default is taxed as a pass-through — profit flows to your personal return, with the QBI deduction potentially available.
- ✓ S-corporation election — not a separate entity type, but a tax election an LLC or corporation can make (Form 2553, due within 2 months and 15 days of the start of the tax year it should apply to). Lets an owner split income between a "reasonable salary" (subject to payroll tax) and distributions (not subject to self-employment tax) — though the IRS scrutinizes what counts as "reasonable."
- ✓ C-corporation — double taxation (21% at the entity level, then tax again on dividends), but the standard choice if you plan to raise venture capital or eventually go public; state of incorporation (commonly Delaware) is a separate decision from where you actually operate.

WORTH REVISITING

The \$100,000 employee-vs-business-owner comparison in Part I is built on exactly this decision. If you're choosing between staying an employee and striking out on your own, that table is the place to start.

Registering and Licensing Your Business

- ✓ EIN (Employer Identification Number) — free, instant, and applied for directly on IRS.gov; functions as your business's Social Security number for tax and banking purposes.
- ✓ State formation filing — Articles of Organization (LLC) or Articles of Incorporation (corporation), filed with your state's Secretary of State, plus an ongoing registered agent requirement.
- ✓ Business bank account — keeping business and personal finances separate isn't just good practice, it's often what preserves your LLC or corporation's liability protection in the first place. Newcomers without a long U.S. banking relationship may be asked for more documentation than a longtime resident would.
- ✓ Business licenses — there's rarely a single "business license" covering everything; most businesses assemble a combination of federal, state, county, and city registrations depending on industry and location.

**LICENSING CAN GATE WHEN YOU'RE ALLOWED TO OPEN**

Some industries need regulatory approval before you can open at all. Healthcare, childcare, food service and alcohol, financial services, transportation, real estate, and most licensed trades (contracting, cosmetology, law, accounting) require sector-specific licenses or permits on top of ordinary business registration — and several require the license to be approved before you can legally start operating, not just before you advertise. Confirm the specific licensing path with your state's professional licensing board early.

Taxes Your Business Will Pay

If you formed an LLC taxed as a pass-through, the mechanics are the same as the "Business Owner" column in Part I's \$100,000 example — self-employment tax, the QBI deduction, ordinary income tax rates on what's left. If you formed a C-corporation, the flat 21% federal corporate rate applies at the entity level, and dividends are taxed again when distributed. A few OBBBA-era provisions matter once you're running a real operating business rather than just earning a salary:

- ✓ 100% bonus depreciation is permanent for qualifying equipment and property acquired after January 19, 2025 — relevant the moment your business buys equipment, vehicles, or makes qualifying improvements.
- ✓ Section 163(j) business-interest-expense limitations now compute on an EBITDA basis rather than the more restrictive EBIT basis, generally allowing a larger interest deduction once your business carries debt.
- ✓ Domestic research and development costs can be expensed immediately again rather than amortized over five years — relevant if your business does any product development.

State and Local Taxation as You Grow

This is where the U.S. is genuinely more complex than most single-country systems, and it applies just as much to a homegrown business as to a multinational: there is no single "U.S." state tax regime.

- ✓ Nexus — the threshold connection that gives a state the right to tax you — can arise from physical presence or, post-Wayfair, from economic activity alone. Selling into other states, even online, can create filing obligations sooner than you'd expect.
- ✓ Sales tax collection obligations follow the same nexus rules and vary by state in rate, taxable categories, and filing frequency.
- ✓ Apportionment formulas, once you operate in more than one state, determine how much of your income each state can tax — a common source of double- or under-taxation if not modeled before you expand.

Hiring Your First Employees

The moment you hire your first employee, a new layer of compliance starts, most of it unrelated to income tax:



- ✓ Payroll tax withholding — you'll withhold federal income tax and the employee's FICA share, and separately pay a matching employer FICA contribution (7.65%) yourself.
- ✓ Unemployment insurance — federal (FUTA) and state (SUTA) unemployment taxes are employer-only costs, with rates that vary by state and by your claims history over time.
- ✓ Workers' compensation insurance — mandatory in nearly every state once you have any employees, regardless of the job's risk level.
- ✓ Form I-9 — every employer must verify every employee's identity and work eligibility within 3 business days of their start date, regardless of the employer's own immigration status.
- ✓ New-hire reporting — federal law requires reporting new hires to a state directory (used for child-support enforcement) generally within 20 days of the hire date.
- ✓ At-will employment is the default in nearly every state — but a growing list of state and local exceptions makes this an area worth a specific look before you write your first offer letter.

Running payroll: do you need to hire a firm? Nothing legally requires it, but very few small business owners run payroll entirely by hand once they see what's involved: calculating and withholding federal and state income tax, both FICA shares, and FUTA/SUTA; remitting deposits on the IRS's own schedule; filing Form 941 quarterly and Form 940 annually; and issuing W-2s by January 31.

- ✓ Payroll software (Gusto, QuickBooks Payroll, ADP, Paychex) — calculates withholding, files the returns, and handles deposits automatically for a modest monthly fee plus a per-employee charge. The standard choice for a small business.
- ✓ A Professional Employer Organization (PEO) — takes on a "co-employment" role, formally becoming the employer of record for tax and HR purposes while you keep day-to-day management of the work, often bundling in group health insurance rates.
- ✓ A local bookkeeper or accountant — many small accounting firms offer payroll processing as part of a broader bookkeeping engagement.
- ✓ Doing it yourself — technically possible, but realistically advisable only with one or two employees and real comfort tracking every deposit deadline personally.

Can you just use 1099 contractors instead? Not simply by choice. Whether someone is an employee or an independent contractor is a legal classification based on the actual working relationship, not a label you pick to reduce paperwork.

- ✓ The core question, under both IRS and Department of Labor tests, is how much control you exercise: do you set the person's hours and schedule, provide the equipment and workspace, direct exactly how the work gets done, and is their work central and ongoing to your business?
- ✓ Genuine contractors typically run their own separate business, work for multiple clients, set their own hours and methods, use their own equipment, and carry real profit-or-loss risk.
- ✓ Misclassifying an employee as a 1099 contractor is increasingly scrutinized, and the consequences land on the business: back payroll taxes plus penalties and interest, potential liability for unpaid minimum wage and overtime, and exposure under state unemployment and workers' compensation laws.

**UPDATE — THE FEDERAL TEST IS GENUINELY IN FLUX RIGHT NOW**

As of 2026, the Department of Labor has proposed rescinding the stricter 2024 classification rule in favor of a simpler, more contractor-friendly test, but that proposal isn't finalized, and enforcement staff have already informally reverted to an older standard while the rulemaking continues. More importantly for most businesses: individual states often apply their own, frequently stricter, tests — California's "ABC test" is the best-known example — that apply regardless of what the federal rule eventually says.

Classification questions aside, employees bring one more decision most first-time founders don't expect to face this early: whether to offer health coverage at all.

Do you have to provide health insurance? Not for most small businesses. The Affordable Care Act's employer mandate to offer health coverage only applies to "Applicable Large Employers" — generally those with 50 or more full-time-equivalent employees. Below that threshold, there's no federal requirement to offer health insurance at all.

- ✓ If you offer coverage below the 50-employee threshold, it isn't required, but it's a real recruiting tool, and coverage bought through the SHOP marketplace can qualify very small employers for a temporary small-business health care tax credit.
- ✓ Once you cross 50 full-time-equivalent employees, failing to offer affordable, minimum-value coverage can trigger a per-employee penalty under the ACA.
- ✓ A handful of states layer on their own individual or employer health-coverage requirements on top of federal law — Florida currently does not.

What Else Are You Required to Provide?

- ✓ Required workplace postings — federal and state law require specific posters (minimum wage, OSHA safety rights, an EEOC anti-discrimination notice) displayed where employees can see them.
- ✓ State disability insurance — mandatory in a handful of states (California, New York, New Jersey, Rhode Island, Hawaii) but not in most, including Florida.
- ✓ State-mandated retirement programs — a growing number of states require employers who don't offer their own retirement plan to auto-enroll employees in a state-run IRA program.
- ✓ COBRA continuation coverage — if you offer group health insurance and have 20 or more employees, departing employees generally have the right to continue that coverage temporarily at their own cost.
- ✓ Accurate pay stubs and recordkeeping — many states require detailed pay stub information, and federal law requires payroll and I-9 records to be kept for specific minimum periods.

Financing Your Business

- ✓ SBA loans — the Small Business Administration doesn't lend directly but guarantees a portion of loans made by partner banks, which often makes lenders more willing to work with a newer or thinner credit file. The 7(a) program and SBA microloans are the two most common starting points.
- ✓ Community Development Financial Institutions (CDFIs) — mission-driven lenders that frequently use alternative underwriting (cash flow, business plan, character references) rather than relying purely on a personal credit score.



- ✓ Business credit cards — most require a personal guarantee tied to your personal credit for a new business, which is exactly where the "credit invisible" problem from Part I resurfaces in a business context.
- ✓ Friends, family, and angel/VC funding — remain the most common early-stage funding sources for higher-growth businesses, each with its own legal documentation (promissory notes, SAFE agreements, or equity) worth drafting properly from day one.

Deadlines Your Business Needs on Its Calendar

A business runs on a different, and in some ways less forgiving, calendar than your personal return. Most of these penalties are triggered by missing a form, not by owing tax.

Item	Deadline	Notes
Form 2553 (S-corp election)	Within 2 months and 15 days of the start of the tax year it should apply to	Miss this window and you generally wait until the following year, though limited late-election relief exists for reasonable cause.
Form 1120 (C-corp income tax return)	15th day of the 4th month after year-end (April 15 for calendar-year filers)	Automatic 6-month extension to October 15 via Form 7004 — extends filing only, not payment.
Form 1065 (multi-member LLC / partnership)	15th day of the 3rd month after year-end (March 15)	Automatic 6-month extension to September 15. Schedule K-1s go out to owners at the same time.
Quarterly estimated tax	15th day of the 4th, 6th, 9th, and 12th months of the tax year	Underpayment penalties accrue quarterly, not just at year-end.
Form 941 (quarterly payroll tax return)	Last day of the month following each quarter's end	Required from the moment you have your first employee on payroll.
Form 940 (annual federal unemployment return)	January 31	Employer-only obligation; separate from the payroll tax withheld from employees.
Form 1099-NEC (contractor payments of \$600+)	January 31, to both the contractor and the IRS	A common miss for new businesses that pay freelancers or contractors without realizing the reporting obligation.
State annual report / franchise tax	Varies by state	Missing it risks losing good standing, which can complicate financing, banking, and even routine contracts.

One item that used to sit on this calendar has actually dropped off it for most new businesses.

**UPDATE — ONE LESS COMPLIANCE ITEM TO WORRY ABOUT**

Since your new business will be formed as a U.S. LLC or corporation, it's automatically exempt from Beneficial Ownership Information (BOI) reporting under the Corporate Transparency Act, following a FinCEN rule finalized August 11, 2026 (effective August 14, 2026) that permanently exempts all U.S.-formed entities — this exemption turns on where the entity is formed, not your citizenship or immigration status. One caveat: if a co-founder or investor in your business is a nonresident alien rather than a green card holder or citizen, a few rules aimed at foreign ownership — Form 5472 reporting, or withholding on certain payments to that partner — can still apply to your U.S. entity.

A Few Things Easy to Overlook

- ✓ Business insurance — general liability at minimum, plus professional liability (errors & omissions) or product liability depending on your industry. An LLC or corporation protects your personal assets, but doesn't replace insurance for the business itself.
- ✓ Keeping business and personal finances truly separate — commingling funds is one of the most common ways an LLC or corporation's liability protection gets challenged in court ("piercing the corporate veil").
- ✓ Data privacy compliance — if your business collects customer data, a growing list of state privacy laws (following California's lead) may apply regardless of your business's size.

WORTH DOING BEFORE, NOT AFTER

None of these are esoteric — they're the kind of gap that turns into a real problem after the fact, usually right when the business can least afford it. Commission specific input on each as you formalize your structure, not after something goes wrong.

UPDATE — THE BEST TIME TO TALK TO A SPECIALIST IS BEFORE YOU MOVE, NOT AFTER

Several of the most valuable planning opportunities in this entire guide are only available before you become a U.S. tax resident — not after. Gains that built up on assets before you became a U.S. tax resident are generally outside U.S. tax reach, but the identical gain realized after residency starts is fully taxable, which makes selling, restructuring, or resetting the basis of significantly appreciated assets before your residency start date one of the highest-value moves available. Elections tied to a foreign business — a Section 962 election, a QEF or mark-to-market election for a PFIC, restructuring before CFC status attaches — generally have to be made in the first year you hold the asset as a U.S. person, not retroactively. Estate planning coordinated across two countries is far easier to set up before your worldwide estate becomes subject to U.S. estate tax than to unwind afterward. None of this is reversible the way it is beforehand. If there's one takeaway from this entire guide, it's this: talk to a cross-border tax advisor and immigration attorney before you move, not after you've already arrived.



Starting a business as a green card holder?

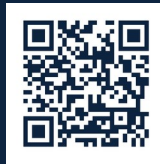
Vela Advisory Group coordinates the specialists new business owners need but rarely find in one place — entity structuring, tax planning, and the practical logistics of formation — so you get one point of contact instead of five separate engagements.

- ✓ A free 30-minute discovery call to scope your structure
- ✓ Introductions across our vetted specialist network
- ✓ Ongoing coordination as your business grows

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Let's Map Your Situation — Free

Schedule today a 30-minute free discovery call to find out what matters most in your case.



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Sources

Part I is drawn from Internal Revenue Code Sections 7701(b), 871/877/877A, 951-965, 1291-1298, and 6039F; IRS Publication 519; and IRS instructions for Forms 8843, 1040-NR, 8854, 5471, 8621, 3520, and 3520-A. The \$100,000 examples use 2026 federal brackets per IRS Revenue Procedure 2025-32. Visa and immigration updates are drawn from Federal Register notices and USCIS/State Department announcements, current as of August 2026.

Part II is drawn from IRS instructions for Forms 1120, 1065, 2553, 941, 940, and 1099-NEC; SBA program materials; and the August 2026 FinCEN Beneficial Ownership Information rule change.

REGULATORY DEVELOPMENTS

Regulatory developments noted throughout reflect the state of guidance as of August 26, 2026. Immigration policy has been changing quickly; confirm current fee amounts and effective dates directly with USCIS or your immigration attorney before relying on any date in this guide.