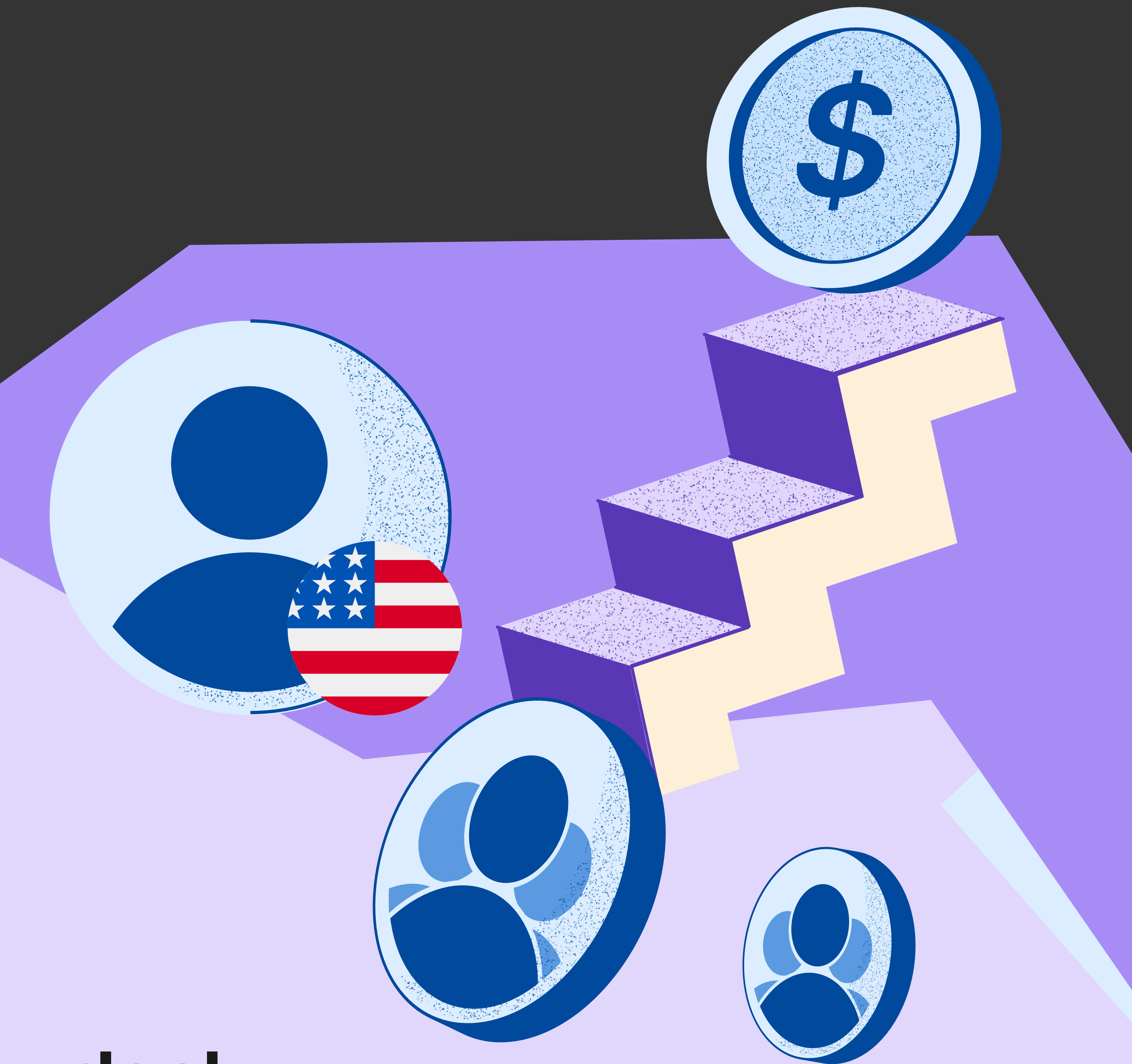


A Guide to US Business Expansion Strategies



deel.

Contents

4	Understanding the challenges of US market expansion
5–7	Business registration in the US
7	Establishing a local entity
8	How Deel can help
9	Managing payroll for your US entity
10	Partnering with a professional employer organization (PEO)
13	Using an employer of record (EOR)
14	Hiring independent contractors
14	Scale your business in the US with Deel

How to build, hire, and grow your US workforce

Scaling in the US provides access to a larger target market, new customer base, and talent pool. Historically, however, the process has been complex, expensive, and time-consuming for business owners. Fortunately, the infrastructure is evolving.

Whether you're a global startup entering the US market or a domestic firm expanding across states, there are streamlined solutions to help you build and grow your US team.

This guide presents key strategies for companies to expand in the US market, build a local presence, and gain a competitive advantage.



Understanding the challenges of US market expansion

Building and scaling a US team is a top priority for many businesses. But market entry is often overwhelming due to the varying state-by-state requirements for compliant workforce management. Key challenges include:

- **Labor and employment laws:** Navigating layered federal, state, and local regulations, including anti-discrimination laws, pay transparency laws, and termination rules
- **State-specific payroll management:** Establishing a payroll system that handles diverse state laws on minimum wages, taxes, and withholdings, ensuring accurate and timely employee payments
- **Taxation and reporting compliance:** Adhering to federal and state tax compliance obligations, along with meticulous reporting requirements to reduce the risk of penalties and legal issues
- **Benefits administration:** Designing competitive, compliant benefits packages that conform to regulations like the Affordable Care Act (ACA) and the Family and Medical Leave Act (FMLA)
- **Attracting and retaining talent:** Building a strong employer brand and offering competitive compensation packages to attract skilled workers in a competitive market while managing cultural integration

“Expanding into the US—and if you're going into multiple states would be like a US company expanding into Europe. Except in Europe, each country is different. In the US, all 50 states are different.”

Shannon Schiltz

Operating Partner, Andreessen Horowitz



Business registration in the US

To start a business in the US, you need to follow important legal steps to avoid making costly mistakes. Business registration is a key step in this process. Below is a high-level look at what it involves. For a comprehensive overview, read our guide: [**How to Register a Business in the US.**](#)

1

Choose a business structure:

- Sole Proprietorship: Simple setup, but personal liability for business debts
- Partnership: Shared ownership with general or limited liability options
- LLC (Limited Liability Company): Protects personal assets while offering tax flexibility
- Corporation (C-Corp & S-Corp): Separate legal entity, best for raising capital but requires more paperwork
- Nonprofit: Tax-exempt status for organizations with charitable missions

2

Register your business name:

Ensure your name is unique by checking state business registries and the US Patent and Trademark Office (USPTO) database. Register at the state level and, if needed, trademark at the federal level.

3

Obtain an EIN (Employer Identification Number):

Most businesses need an EIN from the IRS for tax filings, hiring employees, and opening a business bank account. Apply online for free via the IRS website.



4

Register with state and local authorities:

- Register with the Secretary of State if forming an LLC or Corporation
 - Obtain necessary business licenses and permits (varies by location and industry)
 - If selling taxable goods/services, register for state sales tax collection
-

5

Understand tax obligations:

- Federal taxes: Sole proprietors and partnerships report income on personal tax returns, while corporations file separately
 - State and local taxes: Vary by location—check your state's Department of Revenue for specific requirements
-

6

Open a business bank account:

A dedicated business account simplifies tax filings, expense tracking, and liability protection. Required documents typically include your EIN, business registration, and operating agreement.

7

Get business insurance:

- General liability: Covers accidents and legal costs
 - Professional liability: Protects against errors/malpractice
 - Property insurance: Covers physical assets
 - Workers' compensation: Required if you have employees
-



8

Set up accounting and compliance systems:

- Find a unified payroll, HR, and compliance platform to manage your US workforce
- Maintain accurate financial records for tax compliance
- Ensure compliance with the Corporate Transparency Act (2024), which requires reporting business ownership details

“Once you have two or three people or want a direct relationship with the employee, you'll need to set up a US entity.”

Phillip Alvarado

Director, PEO Solutions, Deel

Establishing a local entity

Establishing a local entity is the traditional route for business expansion in the US. This involves setting up a legal presence in the US, allowing you to operate as a domestic company. This gives you significant control over your US operations but also comes with greater responsibility and complexity.

There are three main types of foreign entities you can establish, each with varying levels of presence and commitment:

Representative office

This is a limited presence in the US, primarily for activities like market research and liaison with customers. It doesn't allow you to conduct full business operations or generate revenue. This option offers a lighter regulatory burden but is not suitable for companies looking to hire a substantial workforce.



Branch office

A branch office is an extension of your parent company. This means the parent company retains legal and financial liability for the branch's activities. While you can hire employees and engage in revenue-generating activities, the branch office is not a separate legal entity. This option offers more operational freedom than a representative office but still ties the US operations closely to the parent company.

Subsidiary

A subsidiary is a separate legal entity from the parent company. It operates independently, with its own liabilities and responsibilities. This provides the most protection for the parent company from legal and financial risks associated with the US operations. However, it also requires a greater investment in setup and ongoing administration.

Choosing the right entity type depends on your specific needs and long-term goals in the US market. For companies seeking maximum control and a strong, independent presence, a subsidiary is often the preferred choice. However, it's crucial to weigh the costs and complexities involved.



Learn more: [A Guide to Setting up a Local Entity](#)

How Deel can help

With Deel, you can ease the stress and burden of setting up entities in any of our supported countries, including the US. State registration support is one of Deel's many services.



Deel simplifies entity setup across borders with our:

- Straightforward setup—featuring a true concierge-style process
- Competitive pricing and transparent fee structure
- Experience navigating country regulations



[Learn more](#)

Managing payroll for your US entity

Once you have a US entity, you'll need a robust and compliant payroll system. Key aspects to consider include:

- **State-specific compliance:** Ensure your payroll system handles variations in state laws regarding minimum wage, tax rates, and withholding requirements
- **Tax filing and reporting:** Accurate and timely tax filing and reporting are essential to reduce your risk of penalties. Your payroll system should handle federal, state, and local tax obligations
- **Employee benefits:** Understand the various mandatory and optional benefits you may need to offer, such as Social Security, Medicare, unemployment insurance, and workers' compensation

Read our [Step-by-Step Guide to the US Payroll Process](#) for more information.



With [Deel Payroll - US](#), you can compliantly run payroll for your entities across the country. Deel instantly calculates payroll taxes and syncs direct deposits and payslips with your accounting software. Plus, you can manage benefits admin, HR, and global operations within the same platform.



Partnering with a professional employer organization (PEO)

A professional employer organization (PEO) is a third-party company that provides outsourced payroll and HR to client companies. When you partner with a PEO, you enter into a co-employment relationship. This means the PEO shares in some of the company’s legal and financial liability for the services provided.

To use a PEO, companies must have a US entity, be registered in each state they hire employees in, and meet minimum headcount requirements (in certain states, a minimum headcount may apply for insurance purposes).

PEO services typically include:

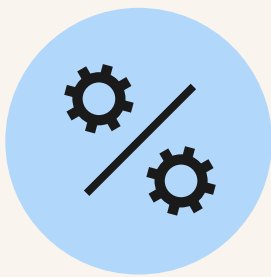
- **Payroll administration:** Processing payroll, managing taxes, and ensuring compliance with wage and hour laws
- **Benefits administration:** Providing access to employee benefits packages, including health insurance, retirement plans, and other employee perks
- **Compliance support:** Assisting with employment law compliance, including labor law posters, HR policies, and employee handbooks
- **Risk management:** Helping to mitigate HR-related risks, such as workers' compensation claims and unemployment claims.

Key benefits of using a PEO:



Reduced administrative burden:

Offload HR tasks to the PEO, allowing you to focus on core business activities



Cost savings:

Potentially reduce HR costs through economies of scale and access to better benefits rates





Compliance expertise:

Leverage the PEO's knowledge of employment laws and regulations to minimize compliance risks



Improved employee experience:

Offer competitive benefits packages and enhanced HR support to attract and retain top talent

When choosing a PEO, consider factors like their benefits partners, platform usability, scalability, and client support.



[Learn more about PEO](#) and how it can streamline HR, enhance benefits, and ensure compliance.





Deel simplified and accelerated our hiring process in the US, cutting costs by 50%. Now, managing compliance for our US-based team members is fast, easy, and cost-effective.

Pierre Puig

Head of HR
Sim & Cure

Using an employer of record (EOR)

An employer of record (EOR) provides a flexible and efficient alternative to setting up a local entity in a new state or country. With an EOR, you can hire employees in the US without establishing your own legal presence.

The EOR—through its own established entities—becomes the legal employer of your workforce, handling all HR, payroll, and compliance responsibilities.

Key benefits of using an EOR:

- **Rapid expansion:** Quickly onboard employees in new markets without the need to establish a legal entity
- **Reduced administrative burden:** Offload HR, payroll, and compliance tasks to the EOR, freeing up your time and resources
- **Compliance expertise:** Benefit from the EOR's in-depth knowledge of local labor laws and regulations, minimizing compliance risks
- **Access to benefits:** EORs often provide access to competitive benefits packages for your employees, including health insurance, retirement plans, and more

When choosing an EOR, consider factors like their experience, global reach, platform, and customer support.



Discover [how EOR can simplify global hiring](#) and ensure compliance.



Hiring independent contractors

Hiring independent contractors offers another flexible approach to building a US workforce. This option allows you to engage workers for specific projects or tasks without the long-term commitments and responsibilities of employing them directly.

Key considerations for hiring independent contractors:

- **Classification:** It's crucial to maintain a clear distinction between independent contractors and employees to avoid misclassification issues. Misclassification can lead to legal and financial penalties
- **Contracts:** Use well-defined contractor agreements that outline the scope of work, payment terms, and intellectual property rights
- **Payment and compliance:** Ensure you have systems in place for efficient payment processing and compliance with tax regulations for independent contractors



Explore [Deel's solutions for contractor management](#), including streamlined onboarding, payment, and compliance.

Scale your business in the US with Deel

With Deel, large and small businesses can expand in the US quickly and compliantly.

Deel's all-in-one platform enables you to easily hire, pay, and manage employees and contractors in the US—and beyond—on a single platform. No more worrying about local laws, complex tax systems, or managing international payroll whenever you want to hire in a new location.



Deel supports your entire ecosystem as your business grows:

- Hire employees and contractors around the world
- Onboard, manage, and pay workers in over 150+ countries in a single platform
- Grant equity to your international team
- Provide flexible benefits and perks
- Provision equipment and flexible workspace memberships worldwide
- Provide visa and immigration support for relocating workers



Book 30 minutes with a Deel expert to discover how we can support your expansion.

