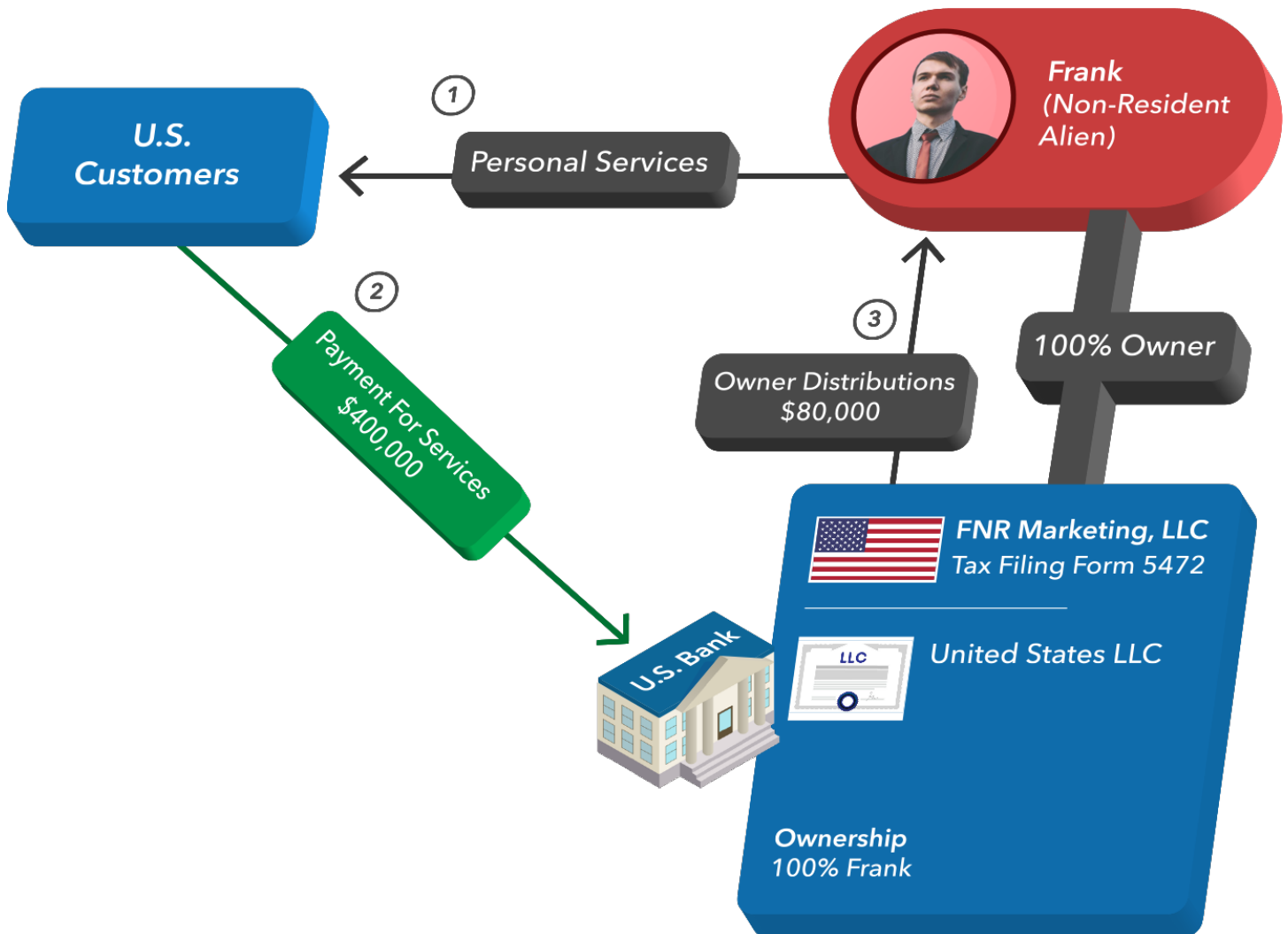


# Non-Resident Alien U.S. LLC Foreign Consultant

## *Tax Structures of United States Foreign-Owned LLCs - Structure #1*

### Structure Summary

A Non-Resident Alien provides personal consulting services through his solely owned LLC, and is not subject to U.S. tax for the work he performs in a foreign country.



## Non-Resident Alien U.S. LLC Foreign Consultant

### Structure Background

A United States Limited Liability Company, FNR Marketing, LLC, provides Marketing services, and is owned 100% by Frank, a Canadian resident. As a Single-Member LLC (SMLLC), FNR Marketing, LLC is disregarded for Federal tax purposes per Treasury Regulation §301.7701-3.

FNR Marketing, LLC provides Marketing to U.S. customers, while Frank, as the sole owner and manager, is physically located in Canada. Payments from U.S. customers are paid to a U.S. bank account held by the LLC. During the year, all net earnings are distributed from the bank account to Frank.

As Frank does not physically provide services in the United States, nor maintains a permanent establishment, nor conducts business on a regular and continuing basis, the LLC's portion of income for Frank's services is determined not to be Effectively Connected Income (ECI) with a U.S. trade or business per Treasury Regulation §1.355-3.

### Monetary Transactions & Accounting

1. In exchange for payment, Frank provides marketing services as a manager of the LLC. Frank is physically located in Canada while providing these services.
2. During the year, FNR Marketing, LLC received service income of \$80,000 from U.S. customers, which is deposited into a U.S. bank account.
3. At the conclusion of the year, the LLC has a Net Income of \$80,000, of which the entire \$80,000 is distributed to Frank.

### U.S. Tax Filing Compliance

4. **Pro Forma 1120, with Form 5472 (FNR Marketing, LLC).** Foreign-owned disregarded entities must generally file [Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business](#), to report certain reportable transactions per Internal Revenue Code §6038.

## Non-Resident Alien U.S. LLC Foreign Consultant

### Summarized Tax Returns and Financial Statements

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#### **FNR Marketing, LLC** Income Statement

Consultation Revenue	\$80,000
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<b>Net Income</b>	<b>\$80,000</b>
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#### Form **5472** (FNR Marketing, LLC)

##### **Foreign Owned DE**

Reportable Compensation	\$80,000
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### Resulting Tax Implications

As a result of this structure, the total U.S. income tax liability paid by Frank (as the result of the disregarded United States LLC) is \$0, as there is no U.S. trade or business.