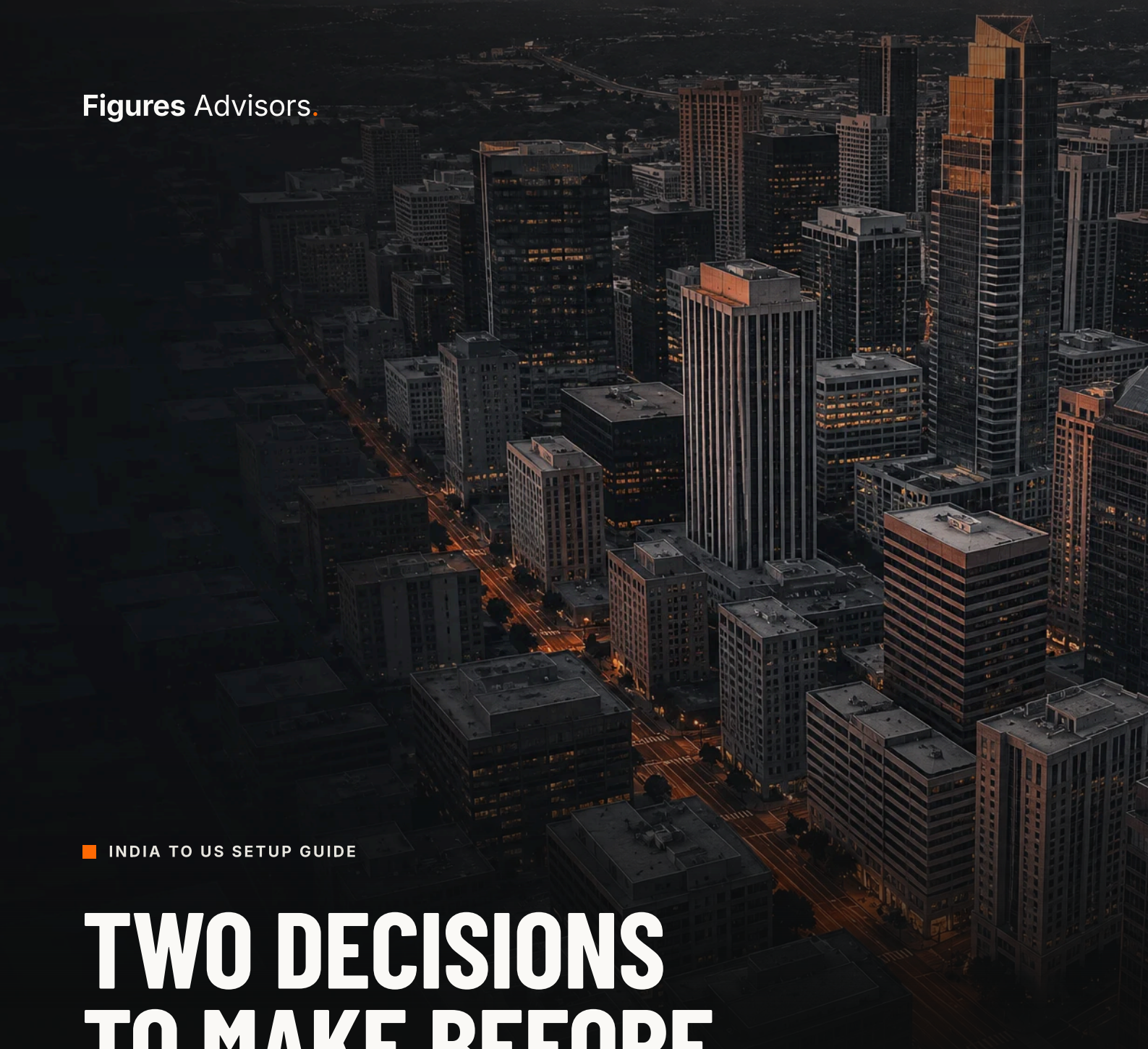
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INDIA TO US SETUP GUIDE

TWO DECISIONS TO MAKE BEFORE INCORPORATING YOUR US COMPANY.

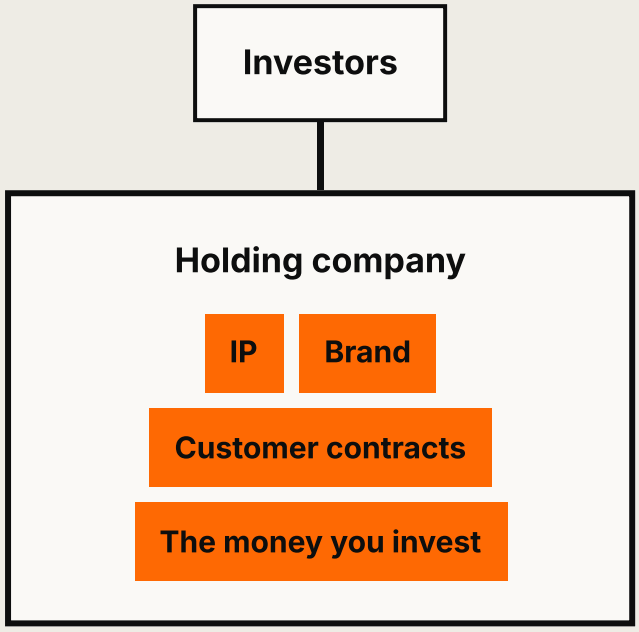
Who owns it, and where your investors will come from.
After that, the setup is straightforward.

From the India-US corridor team at Figures Advisors.

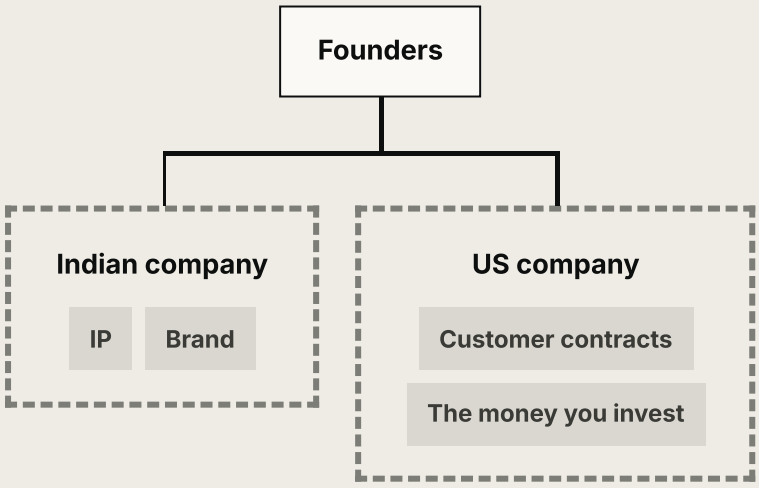
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THE RULE THAT DECIDES THE STRUCTURE

The value of your group should sit in one holding company.



Investors put money into the holding company. That is where the group's value has to be: your IP, your brand, your customer contracts and the money you invest.



If your Indian and US companies sit side by side under the founders, the value is split between them. When investors come in, or when you sell, they usually ask you to put one company under the other first. That restructuring costs more and has more tax to work through than getting it right at the start.

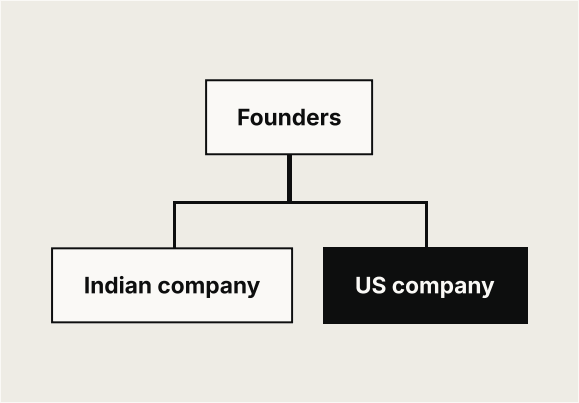
SO THE STRUCTURE COMES DOWN TO TWO QUESTIONS.

DECISION 1: WHO OWNS THE US COMPANY?

If you already have an Indian private limited company or LLP, there are two routes. Both are legal and both are common. They work differently.

ROUTE A

The founders own it



How much can go out

USD 250,000

Up to USD 250,000 per founder, per financial year, under LRS.

What you get

Two sister companies. The founders own both the Indian and the US company directly.

How the money goes out

Each founder invests personally under India's overseas direct investment (ODI) rules, using the Liberalised Remittance Scheme (LRS).

What has to be true first

The US company must be an operating business outside financial services.

The limit to know

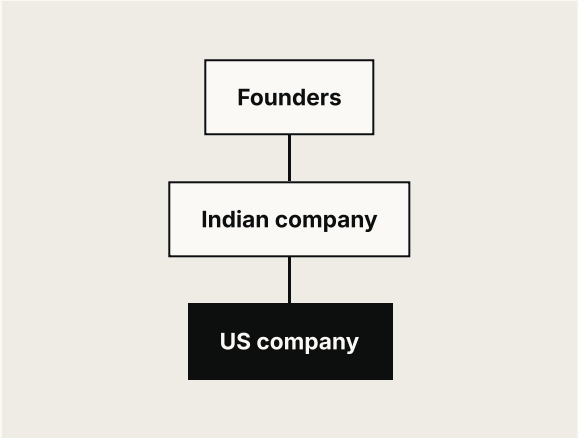
If the founders control the US company, it cannot have its own subsidiary. So the US company can never own the Indian company later. Investing back into India this way is treated as round-tripping.

Usually fits

A business that will stay bootstrapped, with no plan to put one company under the other.

ROUTE B

Your Indian company owns it



How much can go out

400%

Up to 400% of your Indian company's net worth (equity plus reserves) from its last audited balance sheet, including any existing overseas commitments.

What you get

A parent and a subsidiary. Your Indian company owns the US company.

How the money goes out

Your Indian company invests under the ODI rules for companies.

What has to be true first

Your Indian company needs a positive net worth in its last audited accounts, and board approval for the investment.

The limit to know

Low or negative audited net worth can block this route.

Usually fits

An established Indian business expanding to the US that may raise money later.

How Route A works, step by step

- Each founder confirms how much they will invest and sends it through their bank under LRS.
- The bank reports it as an ODI by a resident individual.
- The US company issues shares to each founder.
- Each year, the founders file an Annual Performance Report (APR) through the AD bank by December 31, for as long as they hold the US company.

How Route B works, step by step

- We check your Indian company's audited net worth and work out how much it can invest.
- Your Indian company's board approves the investment.
- We agree the ODI route with your authorised dealer (AD) bank before any money is sent. The bank obtains a unique identification number (UIN) for the US company.
- Your Indian company sends the investment through the AD bank.
- The US company issues a share certificate to your Indian company. We file it with the AD bank within six months, which closes the investment.
- Each year, your Indian company files an Annual Performance Report (APR) by December 31 and a Foreign Liabilities and Assets (FLA) return by July 15.

DECISION 2: WHERE WILL YOUR INVESTORS COME FROM?

The holding company should be in the country your investors want to invest in.

A FLIP

If your investors will be in the US, US investors usually want the US company to be the holding company, with the Indian company as its subsidiary. Moving an existing Indian company under a US parent is called a flip. It needs a valuation, a share exchange and India-side FEMA and tax review before any shares move. Figures Advisors carries out flips in-house, on both the India and US sides.

ROUTE B

If your investors will be in India, keep your Indian company as the holding company, with the US company as its subsidiary. This is Route B. We are also seeing more companies keep or move their holding company back to India, because exits in India have been strong.

ROUTE A

If you will stay bootstrapped, founders owning the US company directly (Route A) is the more tax-efficient setup. It only works if the US company will never own the Indian company later.

HOW WE RECOMMEND A STRUCTURE

We start with the two answers above, then check them against your Indian company's audited net worth, who will run the US company, where your team and IP sit, and how money will move between the two companies. You get our recommendation in writing before anything is filed.

> If investors are part of the plan but not soon, we usually suggest starting with Route B. It keeps the group's value in one holding company from day one. If US investors later want a US parent, we review the structure at that point, before any money comes in.

SETTING UP YOUR US COMPANY

The US work is the same whichever route you choose. The difference is who signs as the shareholder.

CHOOSE THE STATE

The right state depends on where you plan to raise money and where the company will operate. We form companies in every US state.

REGISTERED AGENT

Every US company needs a registered agent with an address in its state to receive legal and state notices. We appoint one before we file.

INCORPORATION

We file the formation documents with the state. Depending on the state, this usually takes **a few business days to a few weeks**. Most states offer faster paid options.

EIN

Once the company exists, we apply to the IRS for its Employer Identification Number.

FOUNDING DOCUMENTS AND SHARES

Bylaws, board consents, the share issue to the owners and a starting cap table.

US BANK ACCOUNT

Traditional US banks usually expect a US-based director or employee. Online business banks accept companies run from India. Figures Advisors is a Mercury partner. We get your documents ready and introduce you through our partner channel. You then apply directly in your company's name. When everything is in order, KYC is usually confirmed in **3 to 5 working days**. The bank always makes the final decision.

OPERATIONAL

In most cases, **about 3 to 4 weeks from filing**, your US company is formed, banked and ready to sign customers.

> The ODI filing with your AD bank in India follows the incorporation, so it does not hold up your US setup.

ON THE INDIA SIDE: WORKING WITH YOUR AD BANK

Sending money out of India to own a US company is an overseas direct investment under FEMA.

BEFORE

We check eligibility (net worth for Route B, LRS limits for Route A) and prepare the board approval.

WITH THE BANK

We agree the route with your AD bank, prepare the ODI filing and make sure the money goes through cleanly.

AFTER

We file the share certificate with the bank as evidence that the investment is complete.

EVERY YEAR

APR filings under either route, plus the FLA return when your Indian company owns the US company (Route B), for as long as the investment is held.

WHAT THE SETUP COSTS

Figures Advisors professional fee

₹75,000, one time.

Covers the US incorporation, EIN, founding documents and share issue, bank introduction, and the India-side ODI and FEMA work with your AD bank. The same for any state and either route.

State filing fee	Set by the state, and varies from state to state.
Faster filing (optional)	Offered by most states for an extra state fee.
Registered agent	About $100 to $120 a year, charged at cost

Government and registered agent costs are passed through at cost. You can pay them yourself, or we pay and recharge them.

AFTER SETUP: WHAT YOUR US COMPANY FILES EACH YEAR

APRIL 15
Federal corporate tax return (Form 1120) and Form 5472

OCTOBER 15
Form 1120, with an extension

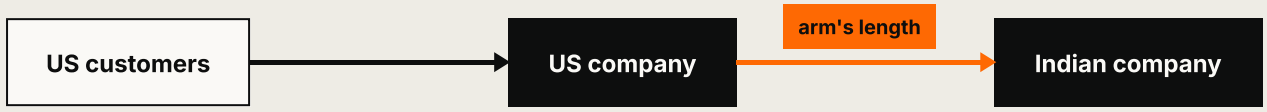
Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

JULY 15
Foreign Liabilities and Assets (FLA) return

DECEMBER 31
Annual Performance Report (APR)

What	Where	When
Federal corporate tax return (Form 1120)	IRS	April 15 for a calendar-year company, or October 15 with an extension
Form 5472, reporting transactions with the foreign owner	IRS, with Form 1120	Same as Form 1120. A missed form carries a $25,000 penalty.
State annual report and tax	Your state	Set by your state. Most states require an annual report, and some also charge a franchise or other state tax.
Transfer pricing documentation	US and India	Ready before the tax returns in both countries
Annual Performance Report (APR)	RBI, through your AD bank	December 31
Foreign Liabilities and Assets (FLA) return, when your Indian company owns the US company	RBI	July 15

TRANSFER PRICING: THE COMPLIANCE THAT MATTERS MOST



In most corridor setups, US customers pay the US company and the work is delivered from India, so most of the costs sit in India. Money has to move from the US company to the Indian company to pay for that work.

Because both companies are in the same group, both countries' tax laws test the price. It has to be at **arm's length**: the price you would charge an independent company for the same work. This rule exists because a group could otherwise move profit to the country with the lower tax rate. For example, the corporate rate is about 25% in India and 21% at the US federal level.

> **This applies under both routes. Sister companies owned by the same founders are still related for tax purposes.**

India

25%

US federal

21%

WHAT WE SET UP

An intercompany agreement between the two companies, including who owns the IP.

A pricing policy, usually a cost-plus fee for the work India does for the US company.

Documentation that supports the price in both countries, ready before either tax return is filed.

Books and invoices in both companies that follow the policy.

WHAT HAPPENS IF IT IS MISSED:

In the US

20% TO 40%

If the IRS changes your price, the penalty is 20% of the extra tax, rising to 40% for large changes. Documentation that exists when the return is filed, and reaches the IRS within 30 days of a request, is what protects you. A missed Form 5472 is a separate $25,000 penalty.

In India

UP TO 4%

Penalties can reach up to 4% of the transaction value.

ONE TEAM FOR BOTH SIDES, START TO FINISH

Figures Advisors has one team for both sides of the corridor.

IN THE US

Incorporation, banking, accounting, tax and compliance.

IN INDIA

International tax and regulatory work, including FEMA and ODI.

The same team sets up the structure, keeps the books and filings on both sides, runs transfer pricing, and later helps with any restructuring or a wind-down if you ever need one. You won't need to coordinate two firms in two countries.

QUESTIONS TO SETTLE WITH YOUR MANAGEMENT

FUNDING	Will you raise from outside investors? If so, are they more likely to be in the US or India?
NET WORTH	What is your Indian company's audited net worth (equity plus reserves) at its last year end?
OWNERSHIP	How will the founders split the US company? Who will be its directors and officers?
INITIAL INVESTMENT	How much do you plan to put into the US company at the start?
CUSTOMERS	Which US customers and contracts will the new US company take on, and when?
IP AND BRAND	Which company owns your name, brand and any software or processes today?
BANK	Which bank in India will act as your AD bank?
STATE AND NAME	Where you want to form, and the exact name for the US company. We check it is available.

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NEXT STEP

When you have answers to the questions in this guide, book a call with us. We'll go through them with you, recommend the right structure in writing and plan your setup from there.

Book a call with us

info@figuresglobal.com

MORE READING

India-US corridor brochure

Ownership structuring and ODI

US incorporation

US bank account

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This guide provides general information, not legal, tax or investment advice for a specific business. Requirements depend on the facts and can change. We confirm the position for your business before acting.

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