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Nevada Company Compliance and Maintenance Guidelines

After successfully registered in Nevada, the Corporation or LLC are required to operate in compliance with the General Corporation Law/Limited Liability Company Act of the State of Nevada. This guideline note intends to provide a summary of those on-going compliance requirements for the interest of our clients.

The first section of the guideline note briefs the basic maintenance and reporting that a Nevada company is required to comply with, including annual list filing, registered office and registered agent and business license renewal.

The second section describes income tax filing services, including federal income tax filing and state commerce tax filing.

The third section describes the Nevada State sales tax filing requirements and tax rate.

The fourth section describes federal and state payroll tax filing and foreign person's U.S. source income subject to withholding tax filing requirements. All U.S. companies are required to file tax returns on time to comply with tax laws.

The fifth section states the foreign banks and financial accounts reporting. If you have foreign financial accounts, you are required to report accounts to IRS on time.

The sixth section describes financial reporting, including bookkeeping service and the audit service of annual financial report.

The last section summarizes our compliance and maintenance services and costs to maintain a Nevada company in good standing. The fees listed are based on estimation and for reference purpose only. The final service fee may be different according to actual circumstances.

This guideline is not meant to cover all the compliance requirements imposed on a company by the Nevada and U.S. laws. If any issue of interest is not covered in this guideline, you are welcome to contact and consult our professional accountants.

1. Annual Renewal Requirements

(1) Annual List

All active business entities registered at Nevada must file annual list with the Nevada Secretary of State every year. The annual list due date for all businesses will be the last day of the anniversary month of the entity's formation in Nevada. The Annual List must include certain basic internal particulars of the company, such as the physical address of company, the names and addresses of the officers and directors etc.

(2) Registered Office and Registered Agent

Nevada law requires that every business entity must have and maintain a registered agent in the State of Nevada. The registered agent must have a physical street address in Nevada for the purpose of service of notice.

(3) Nevada State Business License Renewal

The Nevada state business license registered in Nevada must be renewed every year. The fee and renewal form are due on the last day of the anniversary month in which the license was originally filed.

(4) Business License/Permit Renewal (extra fee required)

In the situation where a Nevada registered company holds a business licence or permit issued by the Federal or Local Government because it engages in one or more regulated business, in general, such a licence or permit must be renewed each year.

2. Corporate Income Tax Filing

(1) Federal Income Tax Return

According to Internal Revenue Service (IRS), all Nevada registered business entities must file an income tax return on or before the following 15 April (corporation) or 15 March (LLC) of the tax year, or 15 October (corporation) or 15 September (LLC) with extension, if the company adopts the calendar year as its accounting year. However, a business entity must still pay its tax due in full no later than the original deadline for filing of its tax return (not extended deadlines). Interest and penalty will be charged for late payment of tax if an extension of time to file is granted.

An LLC is also required to file a federal income tax return each year without paying any income tax because an LLC is by default a pass-through entity unless it chooses to be taxed as a corporation. Should an LLC make such a choice, then it will need to file the Federal Income Tax Return and at the same time pay federal income tax at company level.

(2) Nevada State Income Tax

Nevada does not impose income taxes on business entities.

(3) Nevada State Commerce Tax

Business entities with Nevada gross revenue over USD 4,000,000 during the taxable year (Jul 1 – Jun 30) is required to register with Nevada Department of Taxation to obtain the related tax ID and suitable tax rate (0.51% to 0.331%). The commerce tax return needs to be filed annually if meeting the threshold, with due date on Aug 14.

3. Sales or Use Tax

Sales tax is a tax imposed upon sales of certain tangible personal property and services rendered within Nevada. The use tax generally applies if the business entity buys tangible personal property and services outside the state but uses it within Nevada State. The sales and use tax rate in Nevada consist of the state tax rate (4.6%), the local tax rate, and any district tax rate that may be in effect.

4. Payroll Tax Filing

(1) Federal Payroll Taxes

If the business entities have employees and pay wages in U.S., they must report income and payroll taxes withheld from their employees to Internal Revenue Service (IRS) periodically and deposit these taxes in full to an authorized bank or financial institution pursuant to Federal Tax Deposit Requirements. The business entities are also responsible for filing and paying Social and Medicare Taxes (employer share amount) and Federal Unemployment Taxes.

The deposit schedule for the payroll taxes depend upon the amount of the business entity's payroll tax liability. Employers may be subject to criminal and civil sanctions for wilfully failing to pay employment taxes.

(2) State Payroll Taxes

All business entities that have employees and report gross wages to the Nevada Employment Security Division are subject to the state's modified business tax (MBT). The MBT is assessed only if the taxable wages in the given quarter exceed USD 50,000. The MBT is filed quarterly and due on the last day of the first month following the end of a payroll quarter. Employers must contribute to Unemployment Insurance Tax (UI). No withholding requirement in Nevada State.

(3) Foreign Person's U.S. Source Income

According to Internal Revenue Code, the payments that certain foreign persons received from U.S. sources, are subject to tax withholding. And withholding agent or payer must report the amount withheld to IRS, if any. The sources include dividends, interest, rents, annuities, etc. Kaizen can help you prepare Form 1042, 1042-S, W-8BEN or other forms required by government agencies.

- (a) If foreign persons received U.S. source income, they are required to submit Form W-8BEN to the withholding agent or payer for tax withholding purpose.
- (b) Form 1042 is used to report the tax withheld on U.S. source income of foreign persons.
- (c) Form 1042-S is the statement of U.S. source income and amount withheld of foreign persons.

5. Foreign Banks and Financial Accounts Reporting

If your Nevada company owns, or has any interest in, any foreign financial accounts, Foreign financial accounts include, but are not limited to; checking, savings, securities, brokerage, deposit, or any other account held with a financial institution. Foreign financial accounts also include annuities with a cash out value, mutual funds, or whole-life insurance policies.

You must assess the balances each year to determine if your Nevada company is required to file an FBAR form (FinCEN Form 114) or FATCA Form 8938.

(1) FBAR Form

The FBAR form is required to be filed each year if the total balance of foreign financial accounts owned by your Nevada company exceeds USD10,000 during the year. The Foreign Bank Account Report (FBAR, FinCEN Form 114) will need to be filed with the Department of Treasury on or before 15 April following the calendar year you are reporting.

Anyone who are obligated to file the report but failed to do so may be subject to a fine of USD10,000 per violation. If it is determined that you purposely avoided filing, the fine can be USD100,000 or 50% of the balance of the account at the time of the violation, whichever is greater.

(2) FATCA Form 8938

The FATCA Form 8938 is required to be filed each year if the total value of foreign financial assets owned by your Nevada company exceeds USD50,000 during the tax year. It will need to be attached to your annual return and due on the date of that return, including any applicable extensions.

Anyone who are obligated to file the form but failed to do so may be subject to a fine of USD10,000 per violation and an additional \$10,000 for each 30 days of non-filing after IRS notice of a failure to disclose, for a potential maximum penalty of \$60,000; criminal penalties may also apply.

6. Financial Reporting

(1) Financial Reports

Nevada is required to keep adequate and correct business documents, such as financial statements, bank statements, and invoices. In addition, it should be noted that Nevada companies may still have other reporting requirements, such as filing of Federal Income Tax Return and this could not be done without properly kept accounting records and financial statements. In this regard, we suggest that you should keep all your accounting records and update the books of accounts on a regular basis.

(2) Audit of Annual Financial Reports

In Nevada, all entities, both corporations and LLCs, other those than listed in a stock exchange, are not required to appoint an auditor, and is also not required to arrange to have their annual financial statements audited. Public companies are required to submit the audit reports to the U.S. Securities and Exchange Commission annually per the list rules of the relevant stock exchange. It should be noted however, private companies may also want to have their financial reports audited annually or periodically for some other reasons, such as submitting the audited financial report to lending party or to investors.

7. Nevada Company Annual Maintenance Costs

As discussed above, all active Nevada Corporations and LLCs are required to operate in compliance with the Nevada business laws. The business entities may also need to apply for the license and permits with state according to different industries. Kaizen U.S. office is a professional CPA firm, offers complete compliance services and business support, such as bookkeeping, financial statement audit, filing tax return, making payroll, etc. The partial services for Nevada company's annual renewal and maintenance are listed for your reference.

Item	Description	Service Fees (USD)	
1	Annual renewal including registered agent, registered office, annual list filing and state business license renewal fees (Note 1)	Yearly	1,400
2	Other business license/permits renewal (Note 2)	Yearly	TBD
3	Federal business income tax return and Nevada state commerce tax return filing (Note 3)	Each filing	800/up
4	Sales tax filing (Note 4)	Each filing	150/up
5	Payroll tax filing and relevant services (Note 5)	TBD	TBD
6	Foreign banks and financial accounts filing (FBAR) (Note 6)	Each filing	200/up
7	Financial statements and special audit (Note 7)	Yearly	2,000/up
8	Accounting and bookkeeping (Note 8)	monthly	300/up

Note:

- (1) Kaizen service fee for the annual renewal includes provision of registered office, registered agent, annual list filing and state business license renewal, but not including local business license renewal service.
- (2) This is the official filing fee for renewal of business licence when your company holds one for reason of carrying out business in Nevada. Kaizen does not charge service fee for handling the renewal of business license/permits for your company. The final amount depends on the number of locations of business operation your company may have in Nevada.
- (3) Our service fee for preparation and filing of the Federal Corporate Income Tax Return and Nevada State Commerce Tax Return depends on business model and complexity and transactions of financial statements of your Nevada company. Once we have the opportunity to review the books of accounts of your Nevada company, we will then prepare and provide an accurate quotation for your consideration.
- (4) Our service fee for quarterly sales/use tax filing is USD 150. If you need to file monthly return, our service fee is USD 120.
- (5) Our service fee for payroll tax filing and relevant services is charged based on numbers of employees.

- (6) Our fee for handling of filing of FBAR depends on the number and type of financial accounts to be reported. If no more than three accounts, the filing fee is USD 200. For each additional account, we charge USD50.
- (7) Our service fee for audit of annual financial statements is determined taking into consideration the business model of company, the complexity of the financial positions and the types and amounts of assets etc. Once we have the opportunity to review the books of accounts and financial statements of your company, we will then prepare and provide an accurate quotation for your consideration. In addition to audit of financial statements, we can also provide special audit and review services.
- (8) Our service fee for accounting and bookkeeping is determined taking into consideration the number of transactions. Other than updating books of accounts on a monthly basis, we can also update the books of accounts of your Nevada company on a quarter or annual basis. We can also prepare financial statements in a language other than English.

If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at www.kaizencpa.com or contact us through the following and talk to our professionals:

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SERVICES SCOPE

CORPORATE SERVICE	ACCOUNTING & AUDITING	TAXATION
Company Formation & Registration	Financial Advisory	Tax Advisory
Bank Account Application	Due Diligence	Tax Planning
Company Secretary	Company Secretary	Tax Reporting
Registered Office & Business Address	Accounting & Book-keeping	Tax Compliance
Compliances & Maintenance	Statutory Audit	Tax Audit
Dis-registration & Dissolution	Special Audit	Transfer Pricing

VISA	PERSONNEL	INTELLECTUAL PROPERTY
Work Visa	Staff Hiring	Trademark Registration & Renewal
Business Visa	Labor Displacement	Trademark Infringement
Company Secretary	Payroll Processing	Trademark Watch
Investment Visa	Human Resource	Design Registration
Immigration	Labor Law Advisory	Patent Registration
Post Landing Support		Domain Name Registration

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