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AN INVESTOR'S GUIDE

Setting Up Your U.S. Legal Entity

How foreign investors hold U.S. property through an LLC, LP, or trust, and why the structure you choose matters.

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A plain-English guide to choosing and setting up the right ownership structure for your U.S. property.

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INTRODUCTION

A Note from David

One of the first questions investors ask me is, "How should I actually own the property?" It is a great question, and the honest answer is that getting the structure right from the start saves you a great deal of cost and stress later on.

Most foreign investors hold their U.S. rental property through a legal entity rather than in their own name. The right structure can protect your personal assets, give you privacy, make multi-owner deals straightforward, and help you plan how your property passes to your family.

This guide explains your main options in plain English: the LLC, the limited partnership (LP), and the trust. We will not make the decision for you, but we will help you understand each one and connect you with the licensed U.S. attorneys and tax professionals who set it up correctly.

The structure you choose shapes your protection, your privacy, and your tax position, so it is worth getting right before you buy.

In this guide, we walk through why your structure matters, the most common options for international investors, and exactly how we help you get set up, including your tax ID and U.S. business bank account.

Best regards,

David Garner

GENERAL MANAGER

Why Hold Property in an Entity

Five reasons most international investors don't buy in their own name.

01 Liability Protection

When your property is owned by an entity rather than by you personally, a legal claim connected to that property is generally limited to the assets inside the entity. Your personal assets sit behind a legal wall. This is the most common reason investors use a structure.

02 Privacy

In several U.S. states, an entity can hold the property without your name appearing on the public record. For investors who value discretion, this is a meaningful benefit.

03 Easier Co-Ownership

If you invest with a partner, a spouse, or family members, an entity defines who owns what, who makes decisions, and how income is shared, all in writing, from day one.

04 Estate & Succession Planning

This is the reason many investors overlook until it matters most. A non-resident who owns U.S. property directly can face U.S. estate tax on that property, with a far lower exemption than U.S. citizens. The right structure can help your assets pass to your family more smoothly, and is something we always recommend reviewing with a cross-border tax professional.

05 Access to Financing

This is the practical one. Most U.S. mortgage lenders will only lend to an overseas buyer who holds the property in a U.S. entity. So unless you are buying in cash, setting up an entity is what opens the door to the widest range of financing options, including the DSCR rental loans covered in our companion guide.

THE WRONG STRUCTURE CAN COST YOU

The structure you choose also affects how, and how much, you are taxed. Your tax position depends on where you live, the tax treaty between the U.S. and your home country, and the specific tax laws that apply to you. The wrong structure can leave you paying more tax than you need to, which is exactly why we have you confirm it with a cross-border professional before you buy.

IMPORTANT NOTICE. Cashflow Rentals is not a law firm or tax adviser. The right structure depends on your personal circumstances and country of residence. This guide is educational and is not legal or tax advice.

The LLC: The Investor's Workhorse

Simple, flexible, and the structure most foreign investors choose.

A Limited Liability Company (LLC) combines strong liability protection with simple administration and low running costs. For most investors buying one or a few rental properties, it is the natural starting point.

01 One Owner, or Several

An LLC can have a single owner (a "single-member" LLC) or several owners (a "multi-member" LLC). Either way, every owner enjoys the same liability protection. You decide how ownership and income are split, and you can add or change owners later.

02 How It's Taxed

By default, a single-member LLC is "ignored" for U.S. tax, meaning the income is reported by you personally, while a multi-member LLC is taxed as a partnership. An LLC can also elect to be taxed differently. Because the foreign-investor tax layer genuinely matters here, we connect you with a qualified expert to confirm the best treatment for your situation.

03 Where You Form It

You can form an LLC in the state where your property sits, or in a state known for privacy and low fees. One thing to weigh: most mortgage lenders require the LLC to be registered in the state where the property is located. If you form in one state but buy in another, your entity must also register in the property's state as a "foreign" entity (simply the term for an out-of-state company). That means a second registered agent and a second annual filing, adding a little extra cost and admin, so it is worth deciding up front.

CFR

GOOD TO KNOW

An LLC can usually be set up in a few business days, and you do not need to travel to the U.S. or hold a visa to own one.

Other Structures: LPs & Trusts

Two further options, usually for specific goals.

01 The Limited Partnership (LP)

An LP has two kinds of owner: a general partner, who manages the property, and limited partners, who invest passively with their liability limited to what they put in.

LPs suit deals with one active manager and several hands-off investors. Just as importantly, an LP is often the better choice where an LLC would create a mismatch in how two countries tax you.

Canadian investors are the classic example: an LLC can cause real headaches at tax time, whereas an LP gives clean pass-through treatment that lines up on both the U.S. and Canadian sides, making filing far simpler. LPs involve a little more formality and cost than an LLC.

02 The Trust

A trust is primarily an estate-planning tool. It can help your property pass to your heirs without going through the U.S. probate process, can offer a high degree of privacy, and, depending on how it is structured, can play a role in managing estate-tax exposure. Trusts are the most complex and expensive option to set up and maintain, and they require careful legal and tax advice in more than one country.

> Trusts are rarely the right first step for a single rental property, but they become valuable as your portfolio and wealth-transfer goals grow.

WE ALSO SEE

Some investors eventually combine structures, for example holding several LLCs under a single parent entity or trust as their portfolio grows. We can introduce you to professionals who plan this with you.

Which Structure Fits You?

A simple comparison to frame your conversation with our professionals.

	LLC	Limited Partnership	Trust
BEST FOR	One or a few rental properties	Investors whose tax situation makes it the better fit (e.g. Canadians)	Estate & succession planning
LIABILITY PROTECTION	Strong	Strong (for limited partners)	Varies by structure
PRIVACY	High (state-dependent)	Moderate	High
SET-UP & UPKEEP	Low cost, simple	Moderate	Highest cost, most complex
TYPICAL INVESTOR	Most foreign buyers	Some foreign buyers, where tax treatment dictates it	Wealth-transfer focused

TWO TAX POINTS WORTH UNDERSTANDING

1. **At sale:** when a non-resident sells U.S. property, U.S. rules require a portion of the sale price to be withheld and remitted to the tax authorities. Your structure and tax filings affect how this is handled and recovered (FIRPTA Act).
2. **On rental income:** without the correct elections, rental income can be taxed less efficiently. The right setup and tax elections when you file can materially improve your income tax exposure and improve your net net income.

IMPORTANT NOTICE. The points above are general and illustrative. Your country of residence may have its own tax treaty and rules. Always confirm your structure with a licensed U.S. attorney and CPA before you buy.

SETTING IT UP

How We Set Up Your Entity

Four steps, completed remotely, with our team alongside you.

01 Choose & Form the Entity

You select the right structure and state based on advice from our expert cross-border legal and tax partners. Our formation partners then prepare and file the documents and arrange a U.S. registered agent on your behalf.

02 Get Your EIN (Fast)

Your entity needs a federal tax ID, an EIN, before it can open a bank account, and before a lender can begin underwriting or your purchase contract is valid.

Here is the catch: for a foreign owner, the IRS only accepts EIN applications by post or fax, which can take six to eight weeks, and no seller will wait that long.

Our expert partners obtain EINs for foreign-owned U.S. entities within 24 hours, so a slow EIN never costs you a deal. No U.S. Social Security number is required.

WHAT ABOUT THE ITIN?

You do not need a personal taxpayer ID (an ITIN) to buy a property in the U.S. You will need one later, when you file your first U.S. tax return, and that is usually when the application is made, alongside the return. Our expert partners handle this for you too.

03 Open a U.S. Business Bank Account

With your entity and EIN in place, we help you open a U.S. business bank account so your rent, expenses, and financing all flow through the right place, cleanly and on the record.

04 Stay Compliant, Effortlessly

Your entity has simple ongoing obligations, such as state renewals, a registered agent, and annual tax filings. There may also be federal reporting requirements that change from time to time. We keep you connected to the professionals who keep all of this current, so nothing slips.

HOW WE HELP

From formation to bank account, we coordinate the whole setup remotely and introduce you to vetted U.S. attorneys and CPAs, so your structure is ready before you make an offer.

READY TO BUILD YOUR PORTFOLIO?

Why Investors Choose Cashflow Rentals

We work alongside you from your very first decision through to a growing portfolio, structure, financing, purchase, and management.

120+

Properties Purchased & Managed

Direct experience purchasing and managing over 120 U.S. rental properties for international investors since 2016.

✓

Bilingual Support

Fully bilingual support available in English and Spanish throughout the entire process.

✓

Entity & Banking Setup

LLC formation, tax ID applications, and U.S. business bank account, all coordinated remotely.

✓

Vetted Professionals

Direct introductions to licensed U.S. attorneys and CPAs who specialise in foreign-investor structures.

✓

Ongoing Support

Continued guidance as your portfolio grows: additional entities, refinancing, and long-term strategy.

CONTACT

Schedule a Free Consultation

The next step is a free consultation with our team. We'll discuss your goals, explain your structure and financing options, answer your questions, and help you decide whether investing in U.S. real estate is the right fit for you.

Book Your Free Strategy Call

A relaxed, no-pressure conversation about your goals, and a clear picture of how to structure your U.S. investment.

BOOK MY FREE CALL

OR BOOK ONLINE
calendly.com/davidgarner/enquiry

30 minutes · No obligation · English & Spanish available

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We look forward to helping you build a successful U.S. real estate portfolio.