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## North Carolina Company Annual Renewal and Maintenance Guidelines

After successfully registered in North Carolina, the Corporation or LLC are required to operate in compliance with the Business Corporation Act/Limited Liability Company Act of the State of North Carolina.

The following contents are the information about North Carolina Corporation and LLC annual renewal requirements, further maintenance overview, and business support services provided by Kaizen for your reference.

### 1. Annual Renewal Requirements

#### (1) Annual Report

All active business entities registered at North Carolina state must file Annual Report with the North Carolina Secretary of State every year before or on April 15<sup>th</sup>.

#### (2) Registered Office and Registered Agent

North Carolina law requires that every business entity must have and maintain a Registered Agent in the State of North Carolina. The registered agent must have a physical street address in North Carolina. Kaizen provides professional service to help you maintain and renew the registered agent annually.

#### (3) North Carolina State Franchise Tax Return (Corporations Only)

Franchise tax only applies to all active and inactive domestic Corporations, all foreign corporations doing business at North Carolina, and LLCs doing business at North Carolina if taxed as a corporation. The minimum franchise tax is USD 200.

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

Generally, the state and local business licenses registered in North Carolina must be renewed periodically. The license expiration date is printed on the license.

Kaizen will send a renewal notice to the you two months before the due date.

## 2. Tax Relevant Services

### (1) Income Tax Filing

#### (a) Federal Income Tax Return

According to Internal Revenue Service (IRS), all business entities must file an income tax return on or before the following April 15<sup>th</sup> (Corporation ) or March 15<sup>th</sup> (LLC) of the tax year, or Oct 15<sup>th</sup> (Corporation ) or Sep 15<sup>th</sup> (LLC) with extension, if calendar year is applied on tax purpose. However, the business entity must pay the tax due in full no later than the original due date for filing its tax return (not including extensions). Interest and penalty will be charged on taxes paid late even if an extension of time to file is granted.

Note: LLC should file federal income tax return each year without paying any income tax based on pass-through principle. LLC can also choose to file as a Corporation, which should file and pay federal income tax each year.

#### (b) North Carolina State Income Tax Return

Every business doing business in North Carolina or having income from a North Carolina source is required to file the state income tax return. North Carolina state business income tax returns are due by the 15<sup>th</sup> day of the 4<sup>th</sup> month following the end of the company's tax year. When the 15<sup>th</sup> falls on a Saturday, Sunday, or legal holiday, the due date is the next business day.

North Carolina Corporations are imposed income tax at a flat tax rate 2.5% effective for tax years beginning on or after January 1, 2019.

North Carolina LLCs doing business in North Carolina are taxed and classified the same as for federal income tax purposes. Oregon follows federal tax treatment.

### (2) Payroll Tax Filing and Relevant Services

#### (a) 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.

**(b) State Payroll Taxes**

If Corporation or LLC have employees and pays wages in North Carolina, they must register as employer with North Carolina Department of Revenue. Employers in North Carolina are required to withhold the payroll tax from the employees' wages or from other payments and remit the tax electronically to the State periodically. And employers must contribute to Unemployment Insurance Tax (UI).

**(c) Payroll Service**

Kaizen also provides professional services to collect wage and hour information from the employer and use that information to calculate gross wages, subtract all pertinent withholdings and deductions, print checks, make direct deposits and prepare all employment tax filings. Kaizen can also prepare W-2 and 1099 forms for you and resolve any inquiries from the IRS or other government agency.

**(d) Foreign Person's U.S. Source Income Subject to Withholding**

According to Internal Revenue Code, the payments that certain foreign persons received from U.S. sources, are subject to tax withholding. And they 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.

**(3) Sales or Use Tax**

Sales tax is a tax imposed upon sales of certain tangible personal property and services rendered within North Carolina. The use tax generally applies if Corporation or LLC buy tangible personal property and services outside the state but use it within North Carolina State.

North Carolina's general state sales tax rate is 4.75% plus the county and local tax rates.

**(4) Foreign Banks and Financial Accounts Filing**

If a business entity in US held bank or financial account out of US, the entity maybe required to file FBAR with Department of Treasury, or FATCA related forms with IRS. Please consult with Kaizen professional consultants for more information on filing process and fees

**3. Other Maintenance Services**

**(1) Audit Service**

Public companies are required to submit the audit reports to the U.S. Securities and Exchange Commission annually. Private company may also need to prepare audited financial statements annually or periodically for some reasons, such as submitting audit report to lending party.

Kaizen can offer high-quality audit service for you in compliance with accounting rules.

**(2) Bookkeeping Service**

Kaizen provides bookkeeping service to develop and maintain your overall financial processes and management. According to the supporting documents provided by you, Kaizen will maintain and update the accounting books in accordance with the tax and business law.

**(3) Trademark Search/Registration Service**

Kaizen provides filing services for you who wish to register a trademark in USA, perform a trademark search, or maintain their trademark registration with the USPTO. Currently, it takes 9-12 months to get a trademark registration in USA in a smooth case. Please contact Kaizen consultants for more details.

**4. Our Service Fee**

- (1) Kaizen service fee for the annual renewal is USD 900, including provision of the registered office, registered agent, annual report filing and franchise tax (not exceed USD 200), but not including business license renewal service.
- (2) Government service fee for business license/permits renewal varies depending on different industries, Kaizen will not charge extra fee for this service.
- (3) Kaizen service fee for federal and North Carolina state business income tax return, and franchise tax return is starting from USD 800 each filing, depending on complexity and transactions of financial statements. Please consult with Kaizen consultants for more details.
- (4) Kaizen service fee for payroll tax filing and relevant services is TBD, based on numbers of employees. Please consult with Kaizen consultants for more details.
- (5) Kaizen service fee for quarterly sales/use tax filing is USD 150. If you need to file monthly return, our service fee is USD 120.
- (6) Kaizen can handle foreign accounts filing. Please consult with Kaizen consultants for more details.
- (7) Kaizen service fee for financial statement audit is starting from USD 15,000, based on the complexity of the financial conditions. Please consult with Kaizen consultants for more details.
- (8) Kaizen service fee for bookkeeping is starting from USD 300 per month, depending on the number of transactions. Please consult with Kaizen consultants for more details.
- (9) USA Trademark Registration Fees:

| Services                              |                         | Fees (USD) |
|---------------------------------------|-------------------------|------------|
| Step1: Pre-Filing Search              | First class (word mark) | 350        |
|                                       | Each additional class   | 200        |
| Step2: Trademark Registration Request | First class             | 750        |
|                                       | Each additional class   | 500        |
| Step3: Final Registration/Certificate | Each application        | 100        |

Summary of Service Fees

| Item | Description  | Service Fees (USD) |           |
|------|--|--------------------|-----------|
|      |  |                    |           |
| 1    | Annual renewal including registered agent, registered office, annual report filing and franchise tax (not exceed USD 200) fees | Yearly             | 900       |
| 2    | Business license/permits renewal   | Each filing        | TBD       |
| 3    | Federal and North Carolina state business income tax return, and state franchise tax return filing                             | Each filing        | 800/up    |
| 4    | Payroll tax filing and relevant services   | TBD                | TBD       |
| 5    | Sale or use tax return filing  | Each filing        | 150       |
| 6    | Foreign banks and financial accounts filing  | Yearly             | TBD       |
| 7    | Audit service  | Yearly             | 15,000/up |
| 8    | Bookkeeping service  | monthly            | 300/up    |
| 9    | USA trademark registration service   | Each registration  | 1,200/up  |

Note: Fees above do not include delivery fee.

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

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