



JACK PIETERS

European founders, US expansion

The US-Entry Pocket Guide

For European founders entering the US market in 2026–27.
The infrastructure map, the first-hire playbook,
the sequencing mistakes, and the decision framework.

The Wrong Order of Operations

Most European founders who struggle with the US don't lack ambition. They lack sequence.

They know they want to be in the market. They've done the research, made the calls, maybe even flown out for a few meetings. What they haven't done is separate the decisions that need to happen in order from the ones they're trying to run in parallel.

Entity before customers. PEO before proof of demand. Full team before a single validated hire. These aren't failures of intelligence. They're failures of map. The US market rewards European founders who treat it as a phased operation, not a single commitment.

This guide is not a legal reference. It won't tell you everything there is to know about state compliance, visa pathways, or employer of record contracts. What it will give you is the operational map for your first 90 days: the decisions that matter, in the order they actually matter.

Four things are covered here. First, the infrastructure layers: what you need in place and when. Second, the first hire: the structural decisions that make or break it. Third, the sequencing mistakes: four moves that look logical and cost founders six to twelve months. Fourth, the decision map: what to do based on where you are right now.

You don't need to read this from the beginning. Find your current stage and start there.

The Six Layers of US Infrastructure

Each layer is a dependency for the next. Build them in sequence or stall.

Most European founders treat US entity setup as a single task. It is not. It is six sequential layers, each one a dependency for the next. Skip one or do them out of order and you stall. Sometimes for months.

LAYER 1: ENTITY FORMATION

The default answer for a UK or EU founder entering the US is a **Delaware C-corporation**. Delaware is not just popular. It is structurally superior for any company that may raise capital, bring on US investors, or eventually exit. It has a mature corporate court system (the Court of Chancery), investor-friendly governance defaults, and a franchise tax structure that US attorneys and investors already understand. An LLC is simpler and cheaper to maintain, but the moment a US VC or PE firm looks at your cap table, you will likely be forced to convert anyway. Do it right the first time.

When you form a Delaware entity, you must name a **registered agent**: a person or service with a physical Delaware address who receives legal and state correspondence on your behalf. This is a statutory requirement. Services like Registered Agents Inc., Northwest, or Stripe Atlas bundle this in for a nominal annual fee.

A note on BOI filing: The Corporate Transparency Act originally required most new US entities to file a Beneficial Ownership Information report with FinCEN. As of March 2025, FinCEN issued an interim final rule that exempts all domestic US entities from this requirement, including Delaware C-corps formed by foreign founders. Only foreign-formed entities registering to do business in a US state still need to file. The rule may evolve; confirm current status with your US attorney before formation.

LAYER 2: EIN AND FEDERAL TAX SETUP

Your **Employer Identification Number** is the US equivalent of a company tax reference. You need it to open a bank account, hire employees, pay vendors and file taxes. The complication for foreign founders: the IRS online EIN application requires a US Social Security Number. The workaround is **Form SS-4**, submitted via fax. Processing under the Fax-TIN programme takes approximately four business days when a return fax number is included. The EIN is the unlock for everything downstream. Nothing moves without it.

LAYER 3: US BANKING

This is where founders most commonly hit a wall. Traditional US banks (Chase, Bank of America, Wells Fargo) generally require an in-person branch visit, a physical US operating address, and your EIN already in hand. The more accessible path is through neobanks built for this: **Mercury** is the most founder-friendly option and can often be opened remotely with your EIN and formation documents. **Brex** is another option and is accessible to both C-corps and LLCs meeting their financial thresholds. For founders who want a traditional bank relationship, which is often necessary for credit facilities, Chase and BofA do accommodate foreign entities, typically through relationship bankers rather than walk-in branches, and often with the help of a

US-based operator. Having a credible business address materially improves your odds of approval.

LAYER 4: VIRTUAL OFFICE AND BUSINESS ADDRESS

Do not use your home address, your attorney's address, or a friend's apartment. A **virtual office** gives you a real, verifiable street address in a major US commercial hub, along with mail forwarding and, in some packages, access to meeting rooms. This matters for banking, for client credibility, and for state compliance. Cost runs \$50 to \$200 per month. Your registered agent address in Delaware is separate from your operating address. Do not conflate the two.

LAYER 5: STATE QUALIFICATION

You incorporated in Delaware, but Delaware is probably not where you will do business. If you hire an employee in Texas, conduct substantial activity in New York, or sign a commercial lease in Florida, you are legally required to **register as a foreign entity** in that state. This is called **foreign qualification**. Each state has its own filing fee, timeline, and registered agent requirement. Filing fees range from \$100 to \$750+ depending on the state; California and New York add significant ongoing costs and publication requirements. Operating without qualification exposes you to back taxes, penalties, and the inability to enforce contracts in that state.

LAYER 6: US-GAAP BOOKKEEPING

US Generally Accepted Accounting Principles are not optional if you intend to work with US investors, pursue US banking facilities, or eventually sell the business. The problem is timing. European founders often start with home-country bookkeeping and try to convert to GAAP later. That conversion is expensive and occasionally reveals compliance gaps that should have been caught on day one. Set up a US **chart of accounts** from the start, use software that supports GAAP (QuickBooks Online is the default; NetSuite for anything more complex), and engage a US CPA before you record your first transaction. Not a UK accountant who knows US rules. An actual US CPA.

These six layers are sequential for a reason. Your state qualification depends on knowing where you operate. Your banking depends on your EIN. Your EIN depends on your entity. Build the stack in order.

The Five Structural Decisions in Your First US Hire

Get these wrong and you spend twelve months unwinding them.

1: EOR VS. ENTITY

An **Employer of Record** is a third-party company that becomes the legal employer of your US hire. They run payroll, handle tax withholding, carry workers' comp, and sign the employment agreement. You manage the work. The arrangement is fast to set up and removes the need for a US legal entity before your first hire. EOR fees for US-specialist providers run approximately \$1,000 to \$2,000 per employee per month on top of salary costs.

EOR is the right call when you are pre-entity, when this is a market-validation hire, or when you have fewer than three US employees and no firm commitment to a permanent US structure. Entity-direct makes sense when you have committed to the US, are building toward a team, or are post-Series B.

One distinction that matters: there is a real difference between a **global EOR platform** (Deel, Remote, Rippling Global) and a **US-specialist EOR**. Global platforms treat the US as one of 100 countries. US employment law is a patchwork of fifty state regimes layered on federal law, and the compliance failure mode is almost always at the state level. If your hire is in a high-complexity state, find an EOR with deep US expertise.

2: STATE SELECTION

Where your employee lives is a compliance decision, not a lifestyle preference. Every US state has its own income tax withholding rules, paid leave mandates, workers' comp requirements, and employer registration obligations.

California, New York, and Massachusetts are the highest-complexity states. California bans non-compete agreements entirely. Your standard EU employment contract with a non-compete clause is void on day one. California's PAGA (Private Attorneys General Act) gives employees standing to sue on behalf of the state for labour code violations. New York has aggressive paid family leave requirements. Massachusetts has its own PFML scheme and strict trade secret protections. None of this is a reason to avoid these states. It is a reason to know what compliance infrastructure you are inheriting before the offer letter goes out.

3: COMPENSATION BENCHMARKING

US comp is structurally different from EU comp. Base salaries for senior commercial roles are significantly higher. Equity is expected at early stage. Benefits cost is a real number you must model before posting a salary range.

Anchor points for 2026: a VP of Sales in New York or San Francisco commands \$200K–\$300K+ base at a funded growth-stage company. A first commercial hire (senior AE, regional sales manager) in a Tier-2 market such as Austin, Chicago, Denver or Atlanta lands in the \$130K–\$170K base range. These numbers do not compress to match European pay bands. Senior commercial hires also expect aggressive commission structures. 50/50 base-to-variable splits are common. Build the plan before you hire; candidates will ask.

4: BENEFITS DESIGN

Employer-provided health insurance is not required by US federal law, but it is effectively mandatory for competitive hiring. A senior US commercial person who gets an offer without healthcare will not take the call. Employer healthcare costs run approximately \$650–\$800/month for single coverage and \$1,800–\$2,200/month for an employee plus dependants. Both figures land directly on your payroll.

For a first hire, the right default is **ICHRA** (Individual Coverage HRA): you set a monthly reimbursement allowance, the employee buys their own plan on the individual market, and you reimburse up to your defined cap. It is compliant, portable, and requires almost no administration. If you are on a PEO platform (Justworks, TriNet, Rippling PEO) you get access to pooled group benefits at rates you cannot negotiate as a single-employee company. On retirement: a **401(k)** with 3–4% employer match is expected for senior hires. A SIMPLE IRA is a lighter alternative with lower administration overhead but also lower contribution limits.

5: EMPLOYMENT AGREEMENT AND CLASSIFICATION

Most US states operate under **at-will employment**: either party can terminate at any time, for any lawful reason, without notice. Standard EU notice period clauses are generally unenforceable in the US.

The highest-risk mistake a European company makes in its first US hire is misclassifying an employee as an independent contractor. The IRS and state Departments of Labor apply multi-factor tests for worker classification. If your contractor looks like an employee (fixed hours, single client, company-controlled work) you will be reclassified. Back taxes, penalties, and state-level fines follow. The cost of misclassification almost always exceeds the cost of doing it right from the start.

Your US employment agreement needs four clauses that differ materially from EU templates: IP assignment, arbitration clause, non-solicitation, and a governing state choice-of-law. Get a US employment lawyer to review it. It will cost \$1,500 to \$3,000. It is the cheapest insurance you will buy all year.

Four Sequencing Mistakes That Cost Six to Twelve Months

They all look reasonable in the moment. That is the problem.

The Phantom Entity

The setup looks flawless on paper. You file a Delaware C-corp online, pay the state filing fee, get your certificate of formation back in 48 hours. You have a US entity. You are ready to operate.

Then you try to open a business bank account.

Every major US bank requires an in-person branch visit, a physical US operating address, and either a Social Security Number or an ITIN. The registered agent address bundled with your incorporation filing does not satisfy the bank's operating address requirement. It is a legal address, not a business address, and banks know the difference. You cannot open the account remotely.

The entity sits idle for six, eight, sometimes twelve months. During that time, Delaware charges an annual franchise tax on any active C-corp (minimum \$175–\$400 depending on the calculation method used). State fees accrue. You are paying to maintain an empty shell you cannot use.

The right sequence: solve banking before you solve entity. Find an operator partner with established US banking relationships first. The entity is the second step, not the first.

The State Registration Gap

You have your Delaware C-corp, your EIN, your US bank account. You find a great VP of Sales in Austin. You onboard her, run her first payroll, and get to work.

Six months later, a notice arrives from the Texas Comptroller's office. Your company has been conducting business in Texas without registering as a foreign entity. The Comptroller wants back taxes, penalties, and registration fees. In some states, exposure includes personal liability for directors.

This feels surprising because the Delaware entity feels like a US entity. It is. But the US is fifty separate business jurisdictions. Employing someone in Texas means you are legally operating in Texas, which requires foreign qualification in that state. Courts have upheld enforcement.

The right sequence: before the offer letter goes out, foreign-qualify in the employee's state. It takes two to four weeks. Skipping it is not efficient. It is deferred liability.

The Wrong Tool

You may already be using Deel, Remote or Rippling for European contractors. They are fast, familiar, the UI is clean. When it is time to hire your first US employee, the path of least resistance is to run them through the same platform.

What global EOR platforms routinely miss in US engagements: state-specific paid leave mandates that differ materially between California, New York, and Illinois; non-compete clauses that are unenforceable in several states; and health benefits that meet the bar US candidates actually expect. None of this explodes immediately. The explosion happens eighteen months later when a US institutional investor runs due diligence and finds a stack of compliance gaps that have to be unwound before the round can close.

The right sequence: for US-focused hiring, use a US-specialist EOR, not a global platform that treats the US as one country among many.

The Vendor Scatter Problem

You engage a Delaware incorporation service, a US payroll provider, a bookkeeper and an employment attorney. All four are briefed separately, each working their own lane.

Each vendor does their job. Nobody owns the sequence. The incorporation service files the entity. The payroll provider needs an EIN that is not ready yet. The bookkeeper sets up QuickBooks before anyone has agreed on a chart of accounts. The employment attorney drafts the offer letter before the entity is foreign-qualified in the employee's state. The result is four vendors doing competent work inside their own scope, with the gaps falling entirely on you.

The right sequence: one operator partner owns the full stack (entity, banking, compliance, payroll) and is accountable for the outcome, not just their piece.

The Decision Map

The most expensive mistake is acting on the wrong timeline.

The single most expensive mistake European founders make in the US is acting out of sequence. Entity when they should be testing. Staff when they should be validating. Infrastructure when they should be selling. What follows is the sequence that works, mapped to where you actually are.

Stage 1: Exploration

No US pipeline. No entity. Curious.

Define your trigger. What would have to be true for you to move to Stage 2? "We land one signed US customer" is a trigger. "We feel ready" is not. Map the US states most relevant to your sector. A staffing firm entering New York faces a different compliance and cost profile than one entering Texas. Build the real Year 1 model: a lean setup (entity, one senior hire, benefits, payroll, compliance) runs roughly \$200,000 to \$350,000 all-in depending on city tier and seniority of the hire.

What not to do: do not incorporate, do not hire, do not spend. Everything before a clear trigger is overhead on an untested thesis.

Move to Stage 2 when you have one to three US prospects behaving like real buyers.

Stage 2: Validation

One to three US prospects or early customers. No entity. Evaluating.

Use an EOR to hire your first US person without committing to an entity. Run the market with one senior commercial operator, not a full team. Watch how US customers actually behave: sales cycle length, objection patterns, deal sizes against your European model.

The question you are answering at this stage: does the US customer behave the same way as the European customer in your pipeline? If yes, you have a thesis worth committing to.

The common mistake: setting up a Delaware entity and a full PEO before you have proof of demand. It feels like progress. It is not.

Move to Stage 3 when you have signed US customers and economics that hold.

Stage 3: Commitment

Signed US customers. Capital available. Ready to build.

Incorporate (Delaware C-corp), foreign-qualify in your key states, open a US bank account, set up GAAP-compliant bookkeeping from day one, transition your EOR hire to direct employment under your entity.

Do this in order: entity first, then banking, then payroll, then direct employment. Each step unlocks the next.

The common mistake: running this through five vendors with no one responsible for sequencing it. Find one operator partner who owns the full stack and is accountable for the outcome.

Move to Stage 4 when you have three or more US employees and a functioning entity.

Stage 4: Scale

Three or more US employees. Entity in place. Growing.

Move to a PEO for benefits and payroll consolidation. Establish a US HR function with clear US-side ownership. Build a US vendor network (legal, accounting, insurance) that is independent of your European infrastructure.

The common mistake: continuing to run US HR from your European headquarters. At three employees it feels manageable. At seven it breaks. US employment compliance requires US-side ownership, not remote oversight.

You are past the decision map. You are in operations.

What to Do Now

"Most founders don't need more information about the US. They need a clear picture of where they actually stand."

I built this guide because most of the founders I talk to already know they want to be in the US. What they don't have is a clear picture of where they actually stand. Not in the abstract, but for their specific stage, sector and situation.

If you want that clarity, start with the diagnostic at jackpieters.com. It takes less than five minutes and gives you a stage-specific read on where your gaps are.

If you'd rather talk it through, book a 15-minute call. No pitch, no deck. Just a direct conversation about where you are and whether the path you're considering makes sense.

If you prefer to start asynchronously, email me at jack@jackpieters.com. Tell me where you are. I'll tell you what I'd do next.

Jack Pieters

jack@jackpieters.com · jackpieters.com

Follow me on LinkedIn for the operator's read on US expansion: [linkedin.com/in/jackpieters](https://www.linkedin.com/in/jackpieters)

This guide is for informational purposes only and does not constitute legal, tax, or financial advice. Laws and regulations change. Consult qualified US legal and tax counsel before making any decisions about US market entry.