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## Doing Business with the United States: Opportunities in Georgia

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Co-Hosted By:



THE EMBASSY of GEORGIA to  
THE UNITED STATES of AMERICA



GEORGIA'S INNOVATION &  
TECHNOLOGY AGENCY



ENTERPRISE GEORGIA

July 10, 2018  
Washington DC, United States



# Topics of Discussion

## **Why Georgia and Why the United States?**

- Investment opportunities, government incentives,
- Access to private and public investment funds,
- Access to local, regional & global marketplaces;

## **Selling products and services across borders:**

- Product localization and adaptation;
- Amazon, Etsy, Ebay, UpWork, Fiverr, AirBnB;

## **Understanding Shipping Needs and Options:**

- Digital product vs Physical product;
- Private Warehouse / Dropshipping / Fulfilment;
- Customs, Logistics, Distribution and Fulfillment;

## **Certification and Registration Requirements:**

- Mandatory vs. Voluntary;

## **Sources of Funding and Payments in International trade:**

- Investments: Equity & Debt, Crowdfunding;
- Cash, Open Account, L/C, Trade Credits, etc.

## **Taxation in International E-Commerce Transactions:**

- Income tax, Sales Tax, Value Added Tax (VAT),
- Customs duties, alcohol & tobacco, hotel tax, etc.

## **Who we Are? and What we Do?**



# Why Georgia?



THE EMBASSY of GEORGIA to  
THE UNITED STATES of AMERICA



GEORGIA'S INNOVATION &  
TECHNOLOGY AGENCY



ENTERPRISE GEORGIA



## Why the United States of America?

United States is a world leader in product innovation, manufacturing, branding and marketing, as well as best business practices and outstanding customer service

The United States is a world leader in an industry-specific problem solving and launching turnkey business operations around the globe

The United States is known for excellence in education, training and capacity building for public and private entities

The business ecosystem of the United States enables all businesses access to investments and facilitates development of new products





## Benefits and advantages of having U.S. business partner





# Your Potential Business Supporters in U.S. and beyond

## International Finance Institutions:



**European Bank**  
for Reconstruction and Development



## U.S. Government financial Institutions:



**USAID**  
FROM THE AMERICAN PEOPLE



## U.S. Accelerator & Incubator Programs:



**Chobani**  
Incubator





## **Selling Products and Services Across Borders**



## Five Important questions to address:





## Who can help you find a market for your products?





# Where & How to find Buyers?





## Why E-commerce matters?



58% of internet users will be buying online by 2020

\$900 billion spending on cross-border purchases by 2020

Internet makes selling goods and services almost seamless

Emerging markets growing at 25% YoY basis



## Global Online Marketplaces For Products and Services

**amazon**

**ebay**

 **shopify**

 **overstock™**

Marketplace for everything

 **wayfair**  
a zillion things home

 **houzz**

Home products marketplace

**Etsy**

Marketplace for handmade  
and vintage items

**fiverr**  
Where it's all done

**upwork™**

Marketplace for freelance services

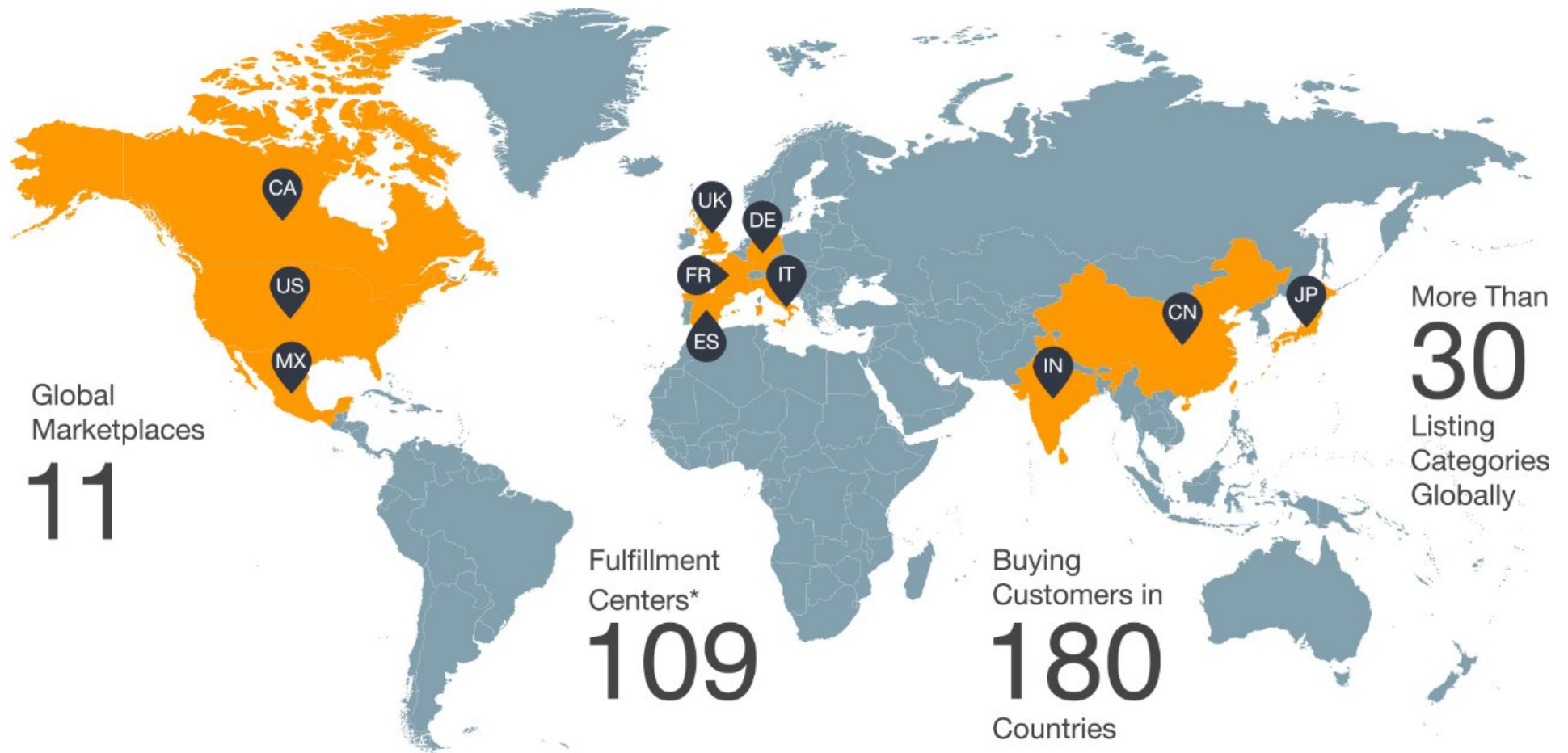
 **airbnb** HomeAway®

Marketplace for hospitality service &  
Peer-to-peer property rental





## Global Online Marketplaces: Amazon



\*As of March 2015  
Source: Amazon Investor Relations



# Product Localization & Adaptation

Product Naming

Text and Graphics

Culture

Region

Language

Symbols, icons and colors

Numeric, date and time formats

Container size (if applicable)

Legal and other requirements



# Marketplace: Opportunities and Challenges

- **Purchase potential in foreign markets**

- Customer segment: B2C, B2B, B2G, C2C (P2P)
- Demography: population, age, gender,
- Spending power, PPP



- **Infrastructure for product shipping, warehousing and final delivery**

- Geography
- Logistics
- Technical parameters: electricity (220V vs. 110V)
- Differences in packaging, size and weight
- (1 Litr / 33.8 Fl.oz. / 1 LBS / 540 Gr)





# Ingredients, Packaging, Labeling and Dating Requirements

Nutrition Facts	
8 servings per container	
<b>Serving size</b>	<b>2/3 cup (55g)</b>
Amount per serving	
<b>Calories</b>	<b>230</b>
% Daily Value*	
<b>Total Fat</b> 8g	<b>10%</b>
Saturated Fat 1g	<b>5%</b>
Trans Fat 0g	
<b>Cholesterol</b> 0mg	<b>0%</b>
<b>Sodium</b> 160mg	<b>7%</b>
<b>Total Carbohydrate</b> 37g	<b>13%</b>
Dietary Fiber 4g	<b>14%</b>
Total Sugars 12g	
Includes 10g Added Sugars	<b>20%</b>
<b>Protein</b> 3g	
Vitamin D 2mcg	10%
Calcium 260mg	20%
Iron 8mg	45%
Potassium 235mg	6%
* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.	

ABC WINERY  
2008  
*Fanciful Name Rose*  
ZZZ COUNTY  
ROSE WINE  
ALC. 12.5% BY VOL.

↑ Brand Label ↑

BOTTLED BY ABC WINERY, CITY, STATE  
CONTAINS SULFITES  
750 ML  
**GOVERNMENT WARNING:** (1) ACCORDING TO THE SURGEON GENERAL, WOMEN SHOULD NOT DRINK ALCOHOLIC BEVERAGES DURING PREGNANCY BECAUSE OF THE RISK OF BIRTH DEFECTS. (2) CONSUMPTION OF ALCOHOLIC BEVERAGES IMPAIRS YOUR ABILITY TO DRIVE A CAR OR OPERATE MACHINERY, AND MAY CAUSE HEALTH PROBLEMS.

Two Piece  
Wine Label

Not Recommended

Best if Used by:  
September 12, 2018

Sell by:  
September 12, 2018

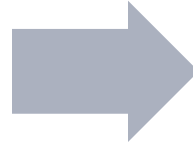
Best if Used by:  
09/12/2018



## Private Label vs Brand Name

Brand owned  
by

- Producer
- Manufacturer



Private brand  
owned by

- Retailer
- Supplier

YOUR  
LABEL



OUR  
PRODUCT

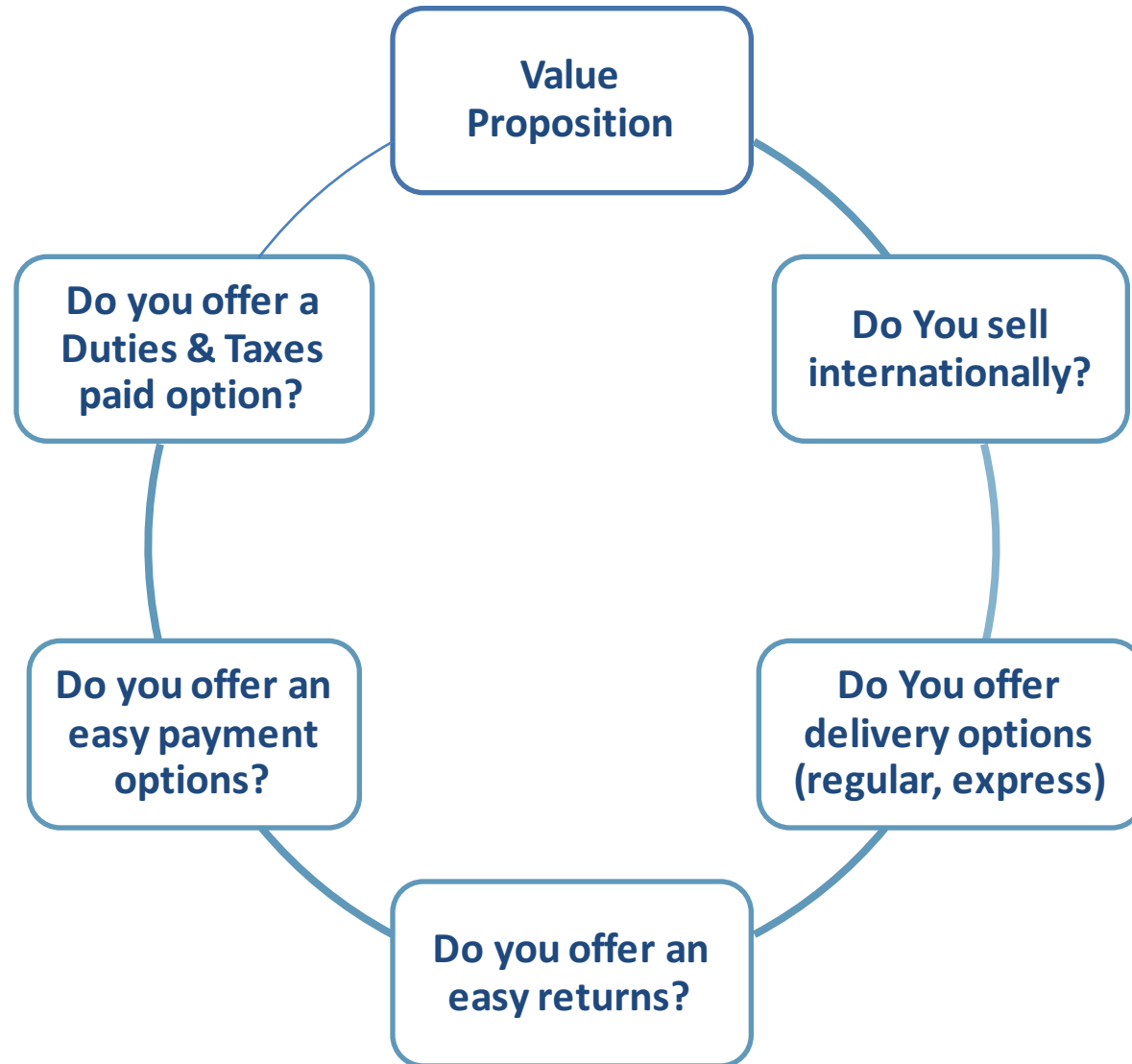




**Why You? & Why Your Product?**

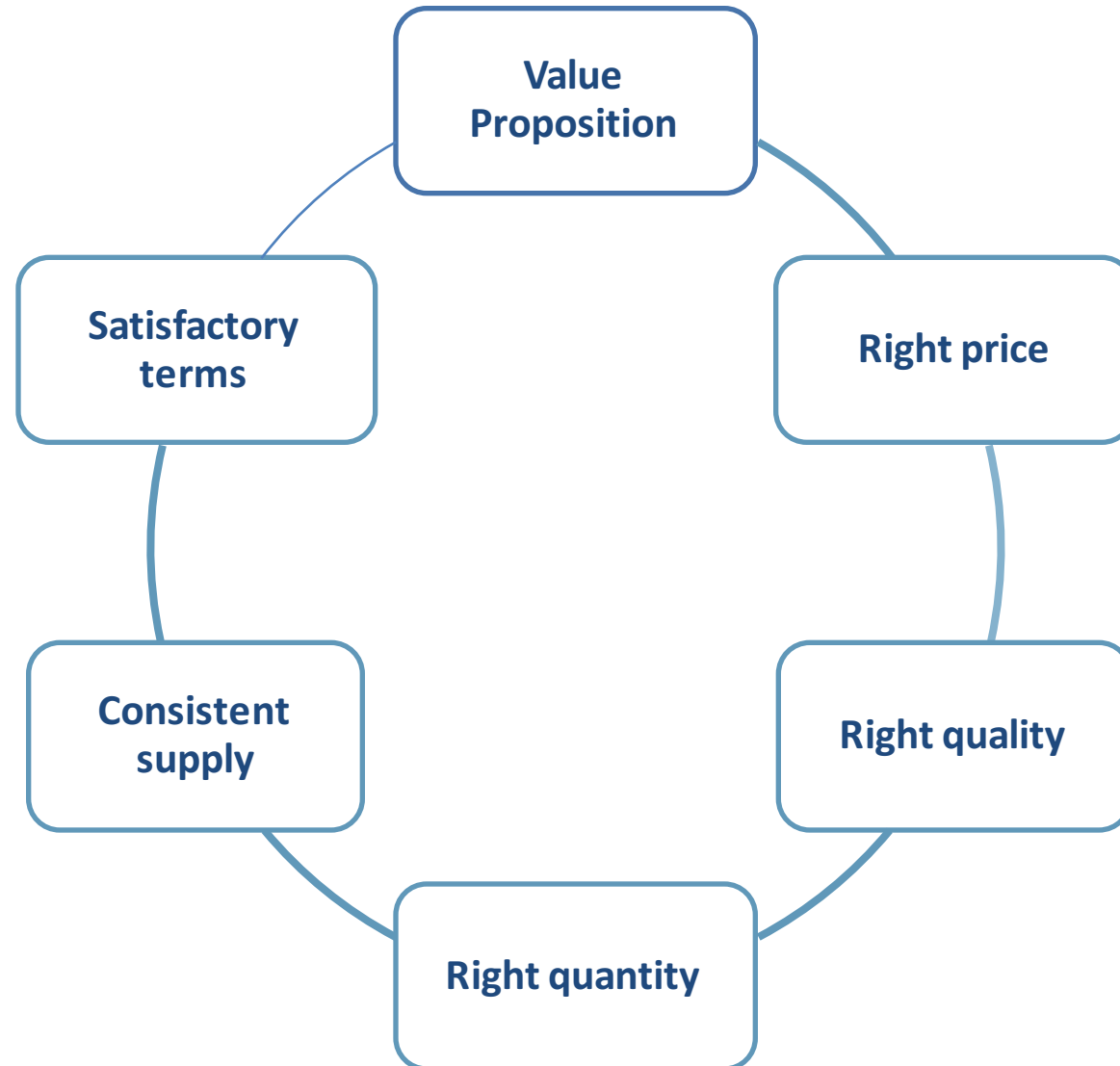


## What Foreign buyers are looking for in your offer?





What do foreign buyers expect from your offer?







# What you do sell and How do you sell across borders?

## Physical Goods



## Digital products



## Services



### Physical channels

- ✓ Direct/Personal selling
- ✓ Retailers/Mass merchants
- ✓ Dealers/Distributors
- ✓ Value added resellers
- ✓ Importers/Wholesalers

### Internet channels

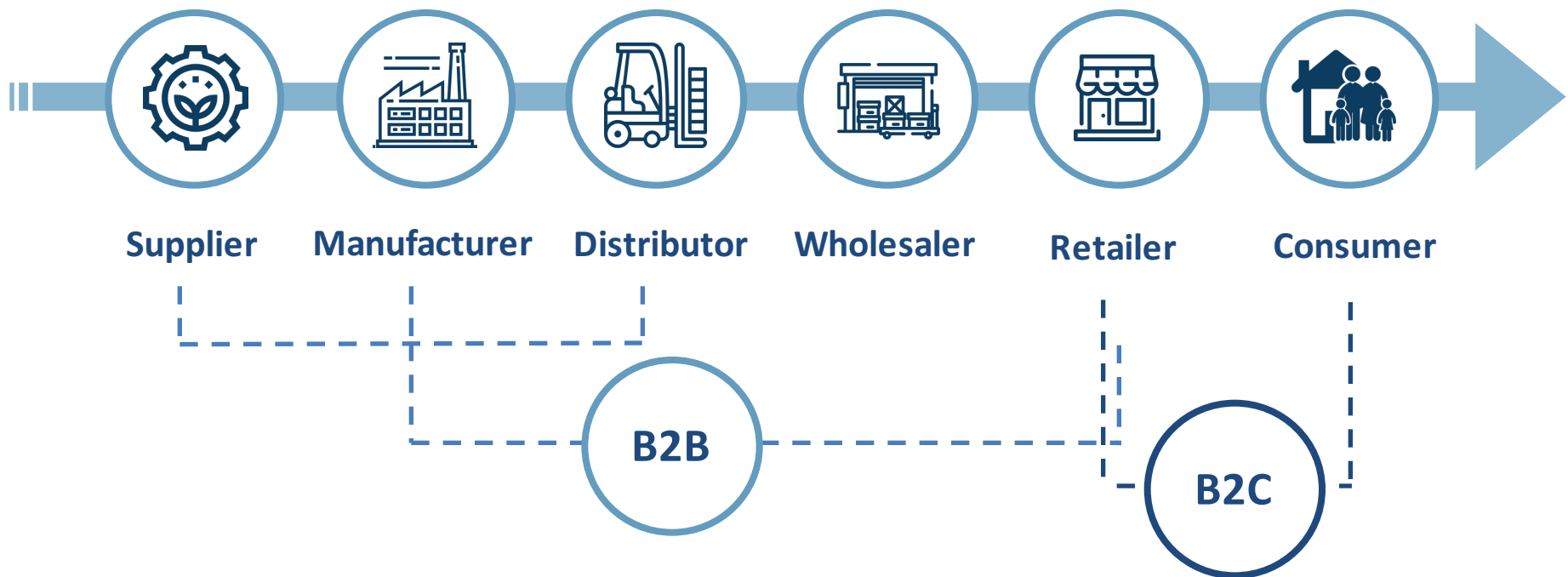
- ✓ Own website
- ✓ E-commerce platforms
- ✓ Third Party affiliates & WEB distribution
- ✓ Social commerce (Facebook, Instagram, etc.)
- ✓ Flash Sales (Groupon, Living social, etc.)



# **Understanding Shipping Needs and Options**

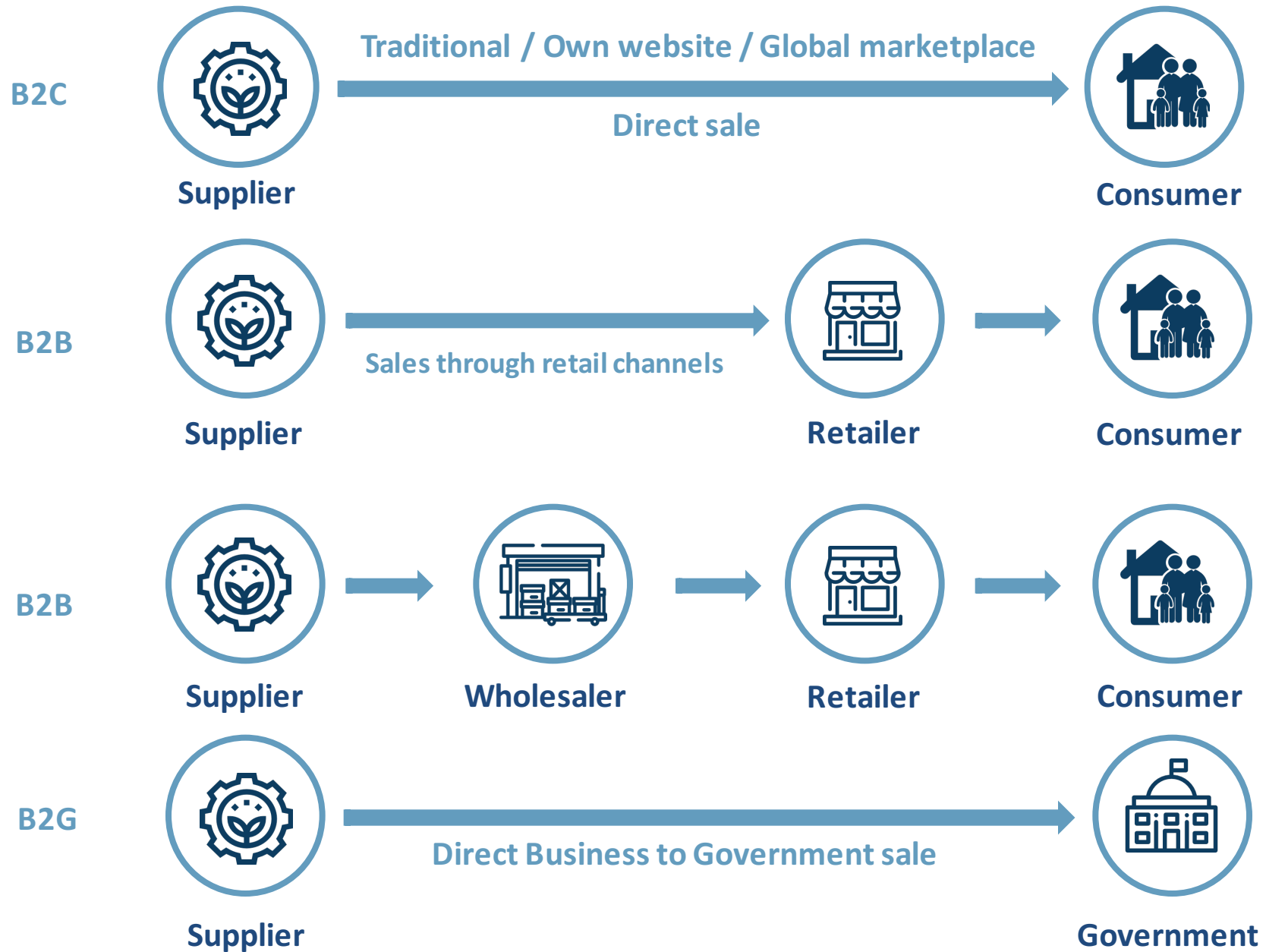


## Where are you along the supply chain?



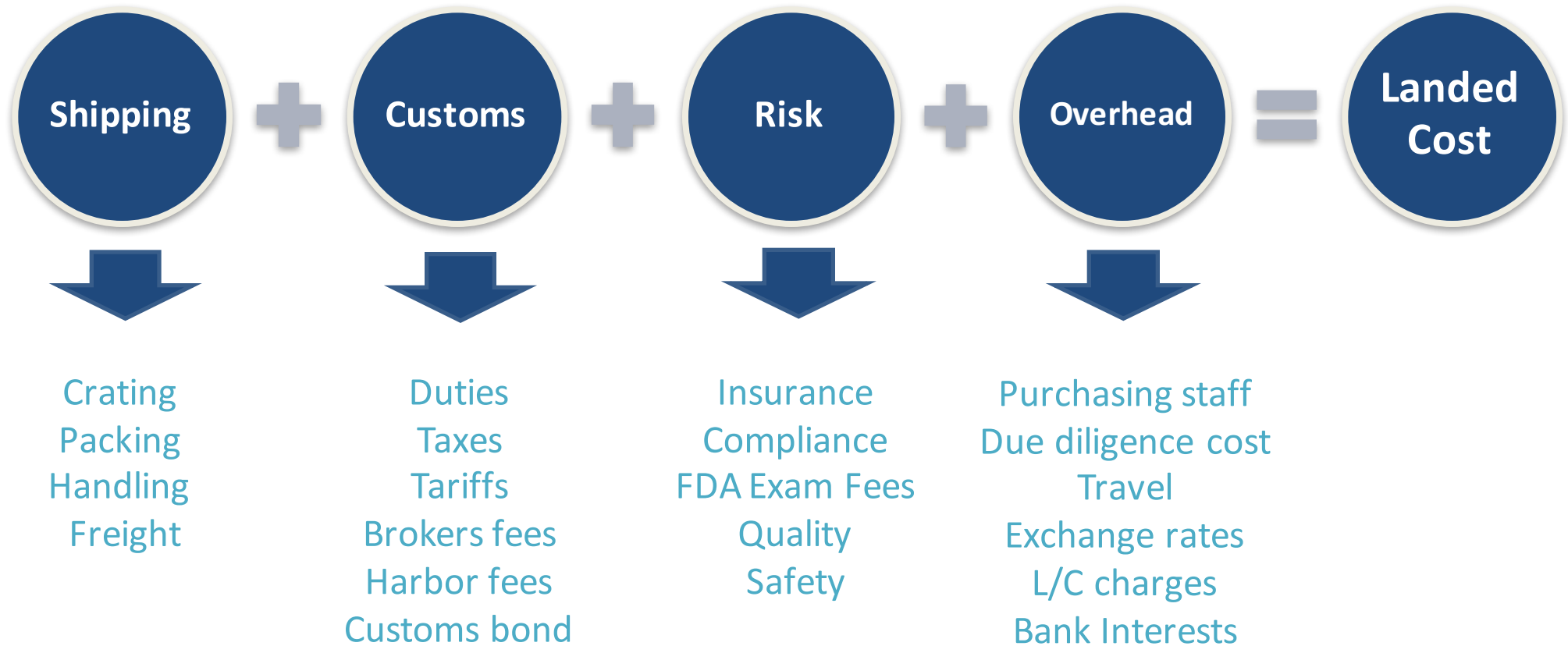


## Sales & Distribution Options





## Landed Cost of Shipped Products



- **Import/Export Documents**

- Power of Attorney (CBP)
- AWB / Bill of Lading
- Commercial Invoice / Consular Invoice
- Certificate of Origin
- GSP Certificate (if applicable)
- Other documents (depends on goods entered)



## **Dropshipping vs Fulfillment**



## Order Fulfillment by a 3<sup>rd</sup> Party



**You send products  
to fulfillment center**



**Fulfillment center  
stores your products**



**Customer purchases  
your products**



**Fulfillment center  
picks & packs**



**Fulfillment center  
ships it to customer**



**Returns handled by  
fulfillment center**



## Dropshipping







# **Sources of Funding & Forms of Payments In International Trade**



# Sources of funding in International Business



## Crowdfunding Models

Donation



Reward



Lending



Equity





## Crowdfunding Platforms & Legal Requirements

**326** Crowdfunding  
Platforms in US



### Legal Requirements:

- ✓ Regulated by SEC - U.S. Security and Exchange Commission;
- ✓ Requires SEC-registered intermediary: broker-dealer or funding portal;
- ✓ Allows to raise a company a maximum of \$1,070,000 in a 12 month period;
- ✓ Limit the amount individual investors can invest across all offerings in a 12 month period
- ✓ Require disclosure of information in filings with SEC, including investors and intermediaries



## Forms of Payment in International Trade



Cash in advance



Letter of Credit



Escrow payments



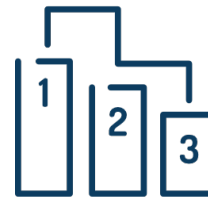
Progress payments



Open account



Export credit insurance



Export factoring

**Other forms  
of payments?**

- Pay-As-You-Go
- Mobile phone (SMS)
- Prepaid scratch cards



# **Company/Product Registration & Certification**



## Certification and Registration Requirements

### Mandatory

vs

### Voluntary

HEALTH

BEST PRACTICES

SAFETY

ASSURANCE

SECURITY

SOCIAL RESPONSIBILITY

etc.

etc.





## Certificates and Standards



FEMA





# General (Product) Liability Insurance, UPC and Bar Codes

UPC



EAN



GTIN



<b>ACORD</b> <small>TM</small> <b>CERTIFICATE OF LIABILITY INSURANCE</b>		DATE (MM/DD/YYYY) 05/30/2012
<b>PRODUCER</b> Right Rate Insurance Services 8741 Van Nuys Blvd., ste. 205 Panorama City, CA 91402 Tel.: (818) 672-8212 Fax: (818) 672-8297		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
<b>INSURED</b> West Coast Connections, Inc. P.O. Box 25104 Los Angeles, CA 90025		<b>INSURERS AFFORDING COVERAGE</b> INSURER A: Landmark American Insurance Company INSURER B: Infinity Select Insurance Company INSURER C: State Farm Insurance Company INSURER D: INSURER E:
		NAIC #

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INS. AGENT LTD. INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. <input type="checkbox"/> LOC	LBA121903-00	05/03/12	05/03/13	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (EA occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPROP AGG \$ 1,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	504610024177001	05/03/12	05/03/13	COMBINED SINGLE LIMIT (EA accident) \$ BODILY INJURY (Per person) \$ 25,000 BODILY INJURY (Per accident) \$ 50,000 PROPERTY DAMAGE (Per accident) \$ 25,000 AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AGG \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AGG \$
	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? IF YES, DESCRIBE UNDER SPECIAL PROVISIONS below	1098-8453-23	05/11/13	05/11/13	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E/L EACH ACCIDENT \$ 1,000,000 E/L DISEASE - EA EMPLOYEE \$ 1,000,000 E/L DISEASE - POLICY LIMIT \$ 1,000,000
	OTHER				

## DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

"DPI Specialty Foods, Inc. and all of its subsidiaries, affiliates, divisions, officers, directors, employees, servants and agents" are additional insured's under all policies, except Workers' Compensation.

## CERTIFICATE HOLDER

DPI Specialty Foods, Inc - All Divisions  
 Attn: Corp VP Procurement  
 12360 SW Leveton Dr  
 Tualatin, OR 97062

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE





# **Taxation in International Transactions**



# Taxation of Ecommerce Transactions

## Taxes in Georgia

vs

## Taxes in the United States

Personal Income Tax - 20%  
Dividends, Interest, Royalties - 5%  
Corporate Income Tax - 15%  
Value Added Tax - 18%  
Property Tax - 1%  
Import tax - 0%, 5%, 12%  
Excise tax - varies

Individual Income Tax  
Corporate Income Tax  
Sales & Excise Taxes  
Payroll Taxes  
Property taxes  
User Fees  
Customs, etc.

### What factors can affect tax rates?

Bilateral agreements (Tax Treaties)  
Government incentives, exempts,  
Foreign Income exclusions,  
Foreign Tax credits, etc.

### Who can charge taxes in U.S.?

Federal government  
State Authorities  
County municipalities  
City authorities



# Taxation of Ecommerce Transactions

## Determination of Economic Attachment



Situs of your business

## Determination of Permanent Establishment

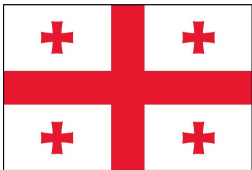


Tax residents



Non-residents

## Taxable Jurisdiction



## Nature of Transactions



Sale of Goods vs Sale of Services  
Rental/Leasing of Goods/Services



## **Who We Are? & What We Do?**



**WE HELP BUSINESSES  
CONDUCT CROSS-BORDER TRADE**

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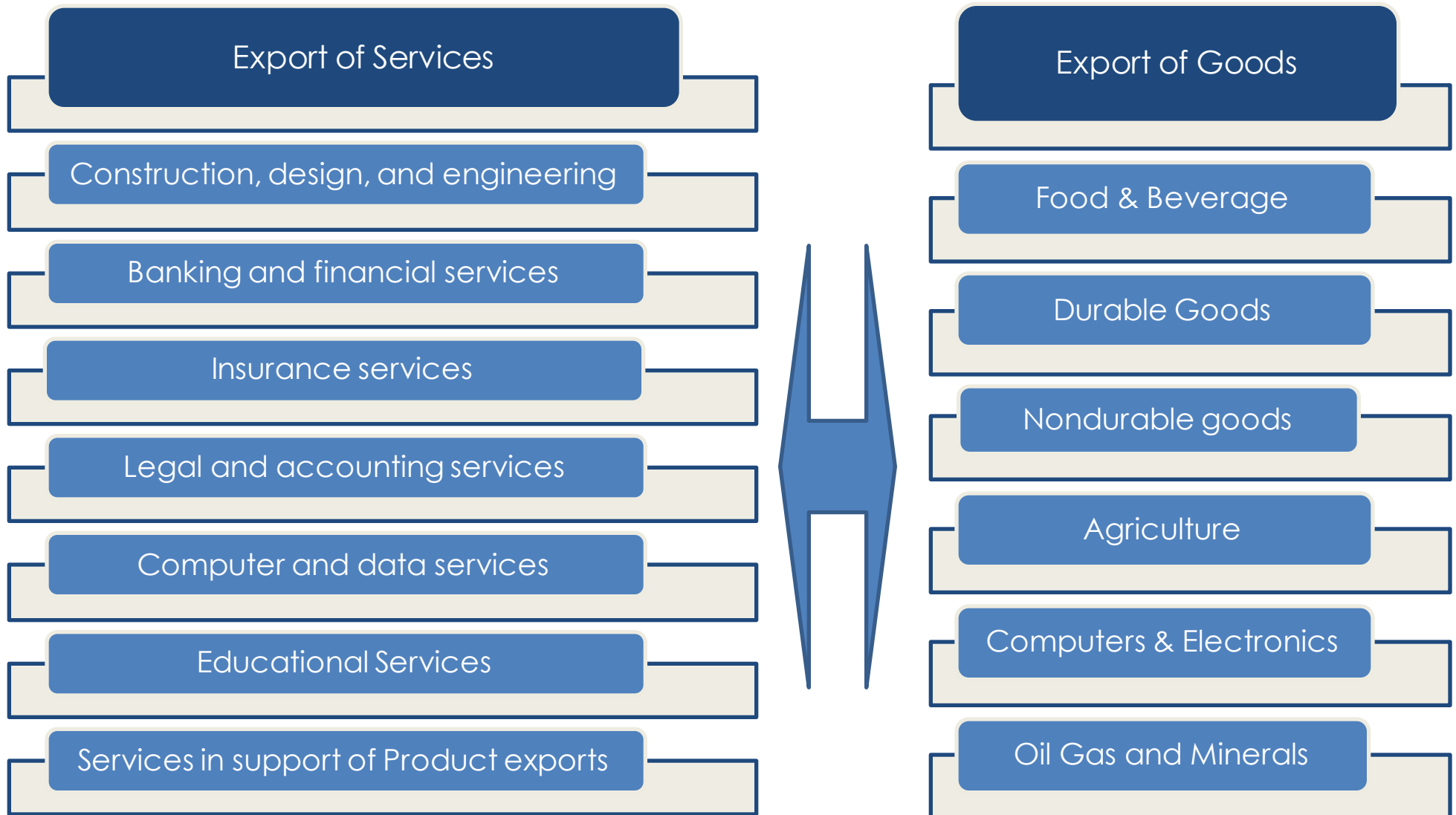
**WE HELP BUSINESSES BUY AND SELL  
GOODS, SERVICES, INTERMEDIATE MATERIALS,  
CAPITAL EQUIPMENT & TECHNOLOGY  
ACROSS U.S. BORDERS**

**WCC International, Inc.**  
**International trade and Import-export  
management company**

10411 Motor City Drive, STE 750  
Bethesda, MD 20817  
[office@wccinternational.com](mailto:office@wccinternational.com)  
[www.wccinternational.com](http://www.wccinternational.com)



## Export of **Services** vs. Export of **Goods**





# Merchant Account Solution

Nautilus Studio

DASHBOARD

SALES

PURCHASES

ACCOUNTING

- Transactions
- Chart of Accounts
- Journal Transactions
- Starting Balances

BANKING

PAYROLL

REPORTS

Settings

Integrations

Find an Accountant

Help

Terms • Privacy

Transactions

Add Income

Add Expense

Connect a bank account

Upload a bank statement

Unverified

Type: All

Category: All

Account: All

From:

To:

0 selected

Categorize into:

Transfer

Merge

Delete

Verify

	Date	Description	Amount	Category	Account
<input type="checkbox"/>	2017-06-09	Payment for Jane's photo shoot	\$ 1,300.00	Sales	Checking Account
<input type="checkbox"/>	2017-06-09	Fuel Stop	\$ 17.63	Vehicle Fuel	Credit Card
<input type="checkbox"/>	2017-06-09	Lou's Camera	\$ 49.12	Equipment Rental	Credit Card
<input type="checkbox"/>	2017-06-09	Payment for product shoot	\$ 2,000.00	Sales	Checking Account

☒

2017-06-23

Payment for portrait shoot

\$ 1,242.32

Sales

Checking Account

<input type="checkbox"/>	2017-06-09	Payment for PS touch-ups	\$ 475.00	Sales	Checking Account
<input type="checkbox"/>	2017-06-09	GasBar	\$ 20.00	Vehicle Fuel	Credit Card
<input type="checkbox"/>	2017-06-09	Shoot scouting and research	\$ 1,250.00	Sales	Checking Account
<input type="checkbox"/>	2017-06-09	Mama's Diner	\$ 26.34	Meals & Entertainment	Cash
<input type="checkbox"/>	2017-06-09	Domain renewal	\$ 11.95	Internet	Credit Card
<input type="checkbox"/>	2017-06-09	GasBar	\$ 40.00	Vehicle Fuel	Credit Card



# Merchant Account Solution

The screenshot displays a merchant account dashboard for Nautilus. At the top, a green header contains the word 'INVOICE' and 'Monthly Bill' on the left, and 'Amount Due \$3,816.23' on the right. Below this, the 'BILL TO' section lists contact information for Captain Nemo. To the right, invoice details include the Invoice Number (138), P.O./S.O. Number (2043672), Invoice Date (2016-09-22), and Payment Due (Upon receipt). A 'SERVICES' section lists items like Initial Router Install, Platinum Web Hosting, and Server upgrades. Two payment pop-ups are overlaid: the top one is for card payment (Visa, Mastercard, American Express, Discover) with fields for card number, expiration, CVV, name, and zip; the bottom one is for bank payment with a search bar and logos for various banks. Both pop-ups feature a 'Pay \$3,816.23' button. The footer includes the Nautilus logo, company address, and contact information.

**INVOICE**  
Monthly Bill

Amount Due  
**\$3,816.23**

**BILL TO**  
Captain Nemo  
cptn\_nemo@example.com  
708-555-1212  
  
906 West Applegate Ave.  
Berwyn, IL 60402  
USA

Invoice Number: 138  
P.O./S.O. Number: 2043672  
Invoice Date: 2016-09-22  
Payment Due: Upon receipt

**SERVICES**

**Initial Router Install and Formatting**  
Disqus 50210 and service fee

**Platinum Web Hosting package**  
Down 35mb, Up 100mb

**Server upgrades**  
Minor security installs and debug

**VPN Setups**

**Shared Hosting**  
Lease part of your database to friends for a discount

**264GB Dedicated RAM**  
Reserved for Captain Nemo with 24/7 access

**Cloud Slider Order page**  
Optional page to access additional services from Nautilus

**Pay Invoice**

VISA, Mastercard, AMERICAN EXPRESS, DISCOVER

Card number, MM/YY, CVV, Name on card, Zip / Postal, \$ 1,409.20

**Pay \$3,816.23**

**Pay Invoice**

Bank Payment

Search for your bank

Chase, Wells Fargo, Bank of America, Citibank, Goldman Sachs, RBC, TD Bank, Scotiabank

**Pay \$3,816.23**

**NAUTILUS**  
Nautilus Hosting  
8513 E. Orchard St, Unit B  
Berwyn, IL 60402  
  
Contact Information  
708-555-1212

Merchant Account allows:

- ✓ Accept local and global payments
- ✓ Connect your local bank account
- ✓ Track expenses, bills and sales taxes
- ✓ Customize and create unlimited invoices and estimates
- ✓ Add partners, investors and other collaborators
- ✓ Prepare accounting and bookkeeping reports
- ✓ Integrate various payment options like PayPal and Stripe

TIME TO ASK  
QUESTIONS  
Q/A

WCC International, Inc.  
10411 Motor City Drive, STE 750  
Phone (+1) 301.202.8586

[office@wccinternational.com](mailto:office@wccinternational.com)  
[www.wccinternational.com](http://www.wccinternational.com)