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# Maryland Business Basics

Department of Business & Economic Development

# Maryland Business Basics:

## LEGAL & TAX ASPECTS

### **Q How do companies register to do business in Maryland? What are the registration fees?**

**A** In the U.S., there is no federal law regulating the formation of businesses. Each state has its own laws. Maryland's business laws compare very favorably to other states. Businesses register with the State Department of Assessments & Taxation (SDAT), and filing papers may be done by mail, fax, or in person, for minimal fees.

Registration requires certification of a business name and address, and the name and address of its Maryland resident agent (a person or a corporation) authorized to receive legal notices addressed to the business. [www.dat.state.md.us](http://www.dat.state.md.us).

Filing papers include *Articles of Incorporation*, a statement of the corporation's purpose and, if applicable, information about stock classes and the authorized number, class, and value of shares; and the number and identity of directors. Shareholders are not identified, so corporate ownership is not public record with the State.

Filing fees to register your business are available from the Maryland Corporate Charter Division:

<http://www.dat.state.md.us/sdatweb/fees.html>

Generally, Maryland charges a fee of US \$100 to file corporate charter documents, plus US \$100 for a Foreign Corporation Name Registration and, if applicable, US \$100 for intra-state qualification (to do business with other states).

### **Q How long does it take to register a company?**

**A** It may take up to eight weeks to receive your corporate charter registration. For US \$50, your mailed or faxed documents will be processed within seven business days; hand-delivered charter documents are registered the same day.

### **Q What are the company structure options?**

**A** Businesses may be structured as corporations, partnerships, or limited liability companies, and "foreign" investors (whose business is organized in another country, or in a U.S. state other than Maryland), operate either as an independent branch office or subsidiary, or as a joint venture or merger with another U.S. business.

Corporations are taxed as separate entities. Shareholders are not personally liable for acts or obligations of the corporation, but may be asked to act as business loan guarantors. Directors oversee the corporation and elect at least three officers who manage daily operations.

Partnerships are not taxed as separate entities; each partner is taxed on its net income share, and partners share profits, losses, and control. Each general partner is personally liable for all acts and obligations of the partnership, but if a foreign corporation is a partner, only its corporate assets would be at risk.

Limited Partnerships (LP) and Limited Liability Partnerships (LLP) are taxed like general partnerships, but limit liability for individual partners. At least one partner must be a general ("managing") partner, and at least one partner must be a limited ("investing") partner. Maryland law protects LPs and LLPs in 3 ways: (1) an LP/LLP's general partner may itself be a corporation, risking only corporate assets; (2) LP/LLP agreements indemnify partners for all acts except fraud and reckless conduct; and (3) LP/LLP partners act as officers, directors or shareholders, without "general partner" liability.

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### **Limited Liability Limited Partnerships (LLLP)**

are taxed like general and limited partnerships, and provide limited liability for both the limited and the general partners.

**Limited Liability Companies (LLC)** are unincorporated business organizations with at least one “member” (an individual, corporation, partnership, or another LLC), and are taxed and offer the same limited liability as partnerships.

These structures all prevent creditors from using the personal assets of business owners or directors to satisfy business debts, with different tax advantages. Legal advice will help you to decide which corporate structure is best for your business. Legal fees associated with establishing a Maryland business range from US \$750-\$1,500, depending on the company structure and/or parent/subsidiary considerations. Lawyers can also assist with the preparation of bylaws and other required organizational documents, and with referrals to banks and other resources you may need to establish a business in Maryland.

#### **Q How is an independent branch office set up?**

**A** Maryland welcomes direct foreign investment, and a foreign business planning to operate in Maryland may simply establish a branch office by registering or qualifying with the Maryland State Department of Assessments & Taxation ([www.dat.state.md.us](http://www.dat.state.md.us)). Registration requires certifying your Maryland business name and its Maryland registered agent name and address, for **in-state operations in Maryland**. Qualification is required for **intrastate** business operations, (business between Maryland and other states) with a brief description of your business plans.

Registered or qualified foreign businesses must file annual personal property reports, maintain Maryland resident agents and, if applicable, pay US \$300 for its **intrastate** business operations.

Depending on the type of business and whether there are Maryland employees, there may be sales tax and employment tax issues to address with the Comptroller ([www.marylandtaxes.com](http://www.marylandtaxes.com))

#### **Q How is an independent subsidiary set up?**

**A** A subsidiary (a corporation formed under the laws of another U.S. state) may be advantageous for foreign national businesses because only the assets of the U.S. subsidiary are placed at risk, and only its income will be subject to U.S. taxes. Its parent corporation, as the sole shareholder of the subsidiary, chooses its director, who chooses its management team. Maryland allows a subsidiary only one director, who may be a citizen or resident of another state or country.

#### **Q How is a Maryland joint venture set up?**

**A** Maryland offers three ways to structure joint ventures, each with different tax and legal issues. Two businesses may each contribute capital in exchange for a voting shareholder's equity interest in the newly-created corporation. Alternatively, the foreign and U.S. businesses, directly or through wholly-owned subsidiaries, may operate as a General or Limited Partnership, or as a Limited Liability Company.

#### **Q How is a Maryland merger set up?**

**A** Maryland's flexible business laws permit the merger of one or more Maryland business entities into or with one or more foreign business entities.

#### **Q Is it better to incorporate in Delaware and operate as a foreign business in Maryland?**

**A** It's just as easy to incorporate in Maryland as in Delaware or any other business-friendly state. Maryland's Corporations & Associations Law and its history of pro-business legal decisions make Maryland competitive with Delaware, providing corporations with similar liability protections.  
<http://tiny.cc/MarylandCorporationsLaw>

#### **Q What types of businesses require a license?**

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**A** Maryland's State License Bureau determines if your business must register for any licenses. *See:*

[Maryland's Business License Information System](http://tiny.cc/MD_State_License_Bureau)

[http://tiny.cc/MD\\_State\\_License\\_Bureau](http://tiny.cc/MD_State_License_Bureau)

Email: [slb@comp.state.md.us](mailto:slb@comp.state.md.us) 1-866-239-9359

**Q What is a Maryland Trader's License?**

**A** Both wholesale and retail businesses in fixed locations require a Trader's License, which costs US \$15—\$800 (Baltimore City is US \$2,215), based on the value of the average commercial inventory owned by the business.

**Q What Maryland taxes will my business pay?**

**A** Maryland's basic tax philosophy is one of fairness and consistency, and its corporate tax rate (8.25%) is less than both neighboring states Delaware (8.7%) and Pennsylvania (9.99%).

Maryland has NO income tax on foreign dividends if a corporation owns 50% or more of its subsidiary, NO gross receipts tax on manufacturers, NO corporate franchise tax, and NO state tax on business personal property (some counties and municipalities assess taxes on the depreciated value of certain business personal property). All Corporations, Limited Liability Companies, Partnerships, and Sole Proprietorships report income on personal income tax returns. Maryland State, its counties, and cities also offer exemptions and tax credits.

Maryland's one-stop business registration online ([www.marylandtaxes.com](http://www.marylandtaxes.com)) lets you file one Combined Registration to cover most state taxes ([sales & use](#), [income withholding](#), [unemployment](#)). Local taxes are collected by the State on behalf of the counties and Baltimore City, at a rate fixed by each county. Maryland's Sales & Use Tax is 6%; exemptions apply to certain types of business property sales.

**Q Are there any Maryland non-resident taxes?**

**A** Partnerships and Limited Liability Companies that have non-resident shareholders, partners, or members earning Maryland income are taxed 7.5% of each non-resident's taxable income.

**Q What is "income withholding" tax?**

**A** Tax withholding regularly collects income tax from businesses as its employees earn wages. Businesses must withhold employees' personal income taxes from employee wages, and periodically submit these to the State; payroll officers are personally liable for noncompliance.

**Q What is "unemployment insurance" tax?**

**A** Businesses must pay unemployment insurance taxes to the State on behalf of their employees. There is no employee contribution. Open an unemployment insurance employer account by filing a Combined Registration Form no later than 20 days after the first day of business, which covers obligations to seven State agencies. File Combined Registration Forms online at <http://www.comp.state.md.us>. Employers are assigned a [new account tax rate](#) (the average of the rates for all employers in the State during the last five years) until a rate can be established based on their "[experience](#)" or "[earned](#)" rating. After two years, the earned rating is adjusted to reflect the benefit's usage. The fewer employees laid-off and thus eligible for unemployment insurance benefits, the lower the earned tax rate (the ratio between the benefits charged to your account and the taxable wages reported, applied to that year's tax rate).

For 2009, the New Employer Rate is 2.2% and the Existing Employers' Rates are 0.6 – 9.0%.

Employers may transfer benefit experience from an operation which has been closed or substantially curtailed in another state, if it had at least three years of benefit charges and payrolls immediately preceding the transfer.

Additional information on unemployment insurance is available from the Maryland Department of Labor, Licensing & Regulation's [Division of Unemployment Insurance](#). See Frequently Asked Questions (FAQs):

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<http://dllr.maryland.gov/employment/empfaq.html>

**Q What about real property taxes in Maryland?**

**A** Real property is taxed by the state, by counties, and by municipalities. The 2009-2010 state tax rate was US \$0.112 per \$100 of assessed real property value. Local taxes may be abated depending on the project (for example, in an enterprise zone). All properties are reassessed at market value every third year. Current property tax rates may be found at [www.dat.state.md.us](http://www.dat.state.md.us). Please contact us for a map of current enterprise zones in Maryland.

**Q Are income taxes paid even if business doesn't profit?**

**A** As a general rule, businesses are not required to pay income taxes (and are not assessed any income taxes by the State of Maryland) in years in which they do not generate any profits.

**Q Where do I get business tax information?**

**A** The State Comptroller offers convenient online services to help you set up business tax accounts, obtain the right business licenses, learn about available tax credits, and make sure you are keeping the required business tax records. *See:*

Comptroller of Maryland  
Taxpayer Services Section  
301 West Preston Street  
Baltimore, MD 21201  
USA 1-410-767-1300  
[www.marylandtaxes.com](http://www.marylandtaxes.com)  
Email: [legalhelp@comp.state.md.us](mailto:legalhelp@comp.state.md.us)

**Q Where do I get property tax information?**

**A** The Department of Assessments & Taxation (SDAT) administers and enforces the property assessment and tax laws of Maryland. *See:*

State Department of Assessments & Taxation  
301 West Preston Street  
Baltimore, MD 21201  
USA 1-410-767-1184  
[www.dat.state.md.us](http://www.dat.state.md.us)  
Email: [datmd@atlantech.net](mailto:datmd@atlantech.net)



## **Maryland Business Basics: LABOR & WORKFORCE ISSUES:**

**Q Does Maryland have available labor?**

**A** Choosing to locate your business in Maryland gives you access to a highly-educated and skilled civilian labor force of 3 million workers, with the second highest concentration of professional and technical workers in the U.S., and one of the highest proportions of doctoral scientists and engineers in the country.

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Maryland also boasts skilled laborers in the manufacturing sector, in almost every type of industrial job. The Maryland workforce is highly industrious: two-thirds of the state's population 16 years and older is in the labor force. During the next decade, Maryland's labor force is projected to increase by 257,000. The state boasts a large number of female workers, as well as workers in the experienced 25 to 44 year age group. Almost 90% of the state's workforce lives within the Central Maryland region.

This growing labor force means that employers will find ample and available skilled workers to supply a broad range of industries. Wages are very competitive with other states.

**Q Are there restrictions on whom I may hire?**

**A** The workplace is regulated by both federal and state employment laws, which apply to both U.S. and foreign employers. Employers must verify each job applicant's employment eligibility by requiring and reviewing the employee's legal status, as documented on Form I-9, from the Bureau of Citizenship & Immigration Services. See BCIS: <http://www.uscis.gov/i-9>.

Once employee eligibility has been determined, federal and state equal employment opportunity laws apply. Employers with 15 or more employees must hire without discrimination in regard to race, color, national origin, gender (including pregnancy), religion, age, disability, or marital status. Employment decisions must be made by evaluating each individual on the basis of objective, job-related abilities.

For more information, visit the Maryland Department of Labor, Licensing & Regulation's [Office of Workforce Information & Performance](#).

**Q Can the State of Maryland help me find employees?**

**A** Yes. [Maryland's Workforce Exchange](#) allows employers to search for employees, register for job hiring fairs, and find other related assistance. The [Office of Employment Services](#) manages federal and state tax credit programs offering income tax incentives to employers hiring members of targeted population groups. The [Partnership for Workforce Quality](#) provides financial assistance to businesses to conduct customized workforce training in three areas: quality management/professional development, manufacturing modernization, and process improvement. For more information on these programs, visit the Department of Labor, Licensing and Regulation (DLLR) homepage: <https://mwe.dllr.state.md.us/Employer/EmployerHome.asp>. Local Workforce Investment Boards in 12 areas plan for regional employment needs and assist employers find a trained workforce.

**Q What laws govern workplace safety & health?**

**A** OSHA= *U.S. Occupational Safety & Health Act* MOSH= *Maryland Occupational Safety & Health*  
Safety and health standards are regulated by both federal and Maryland State laws, with preventive and compliance site reviews to ensure the work environment is free of hazards likely to cause injury or death, such as machine guards or exposure to excessive noise or toxins. See the U.S. Department of Labor's OSHA site: <http://www.osha.gov/> and Maryland's MOSH: <http://www.dllr.state.md.us/labor/mosh.html>.

**Q Are there laws regarding injured workers?**

**A** Yes. Maryland's Workers' Compensation Law requires employers to purchase "no-fault" insurance to pay employees or survivors for work-related injuries, occupational diseases, or deaths. Employees may not sue an employer to try to get more than this insurance benefit pays. Insurance premiums vary with the industry's and employer's accident rates, so employers are encouraged to maintain safe and healthy work environments, hire competent employees, and provide adequate employee job safety training. Workers' Comp insurance is available through (1) the Maryland Injured Workers Insurance Fund <http://www.iwif.com/>; (2) any licensed insurance company authorized to write this coverage [www.mdinsurance.state.md.us](http://www.mdinsurance.state.md.us); or (3) employers may be authorized to self-insure.

**Q Is "Workers' Compensation" the same as "Unemployment Compensation?"**

**A** No. Workers' Comp (WC) is for injured workers; Unemployment Compensation (UC) provides temporary income to employees who become unemployed through no fault of their own (for example, due to layoffs), and



who are able and available for suitable work, to help support them while they are looking for another job. Unemployment Compensation is funded by contributions from both employers and employees and, generally, all U.S. employers providing full- or part-time employment to one or more workers must pay into the UC fund.

**Q Is Workers Comp insurance very expensive?**

**A** Maryland insurers, including the IWIF, offer very competitive rates when compared to other states. Maryland ranks tenth lowest among the states for manufacturers, with costs averaging 21% below the national average; and for office and clerical occupations, workers compensation costs in Maryland rank seventh lowest in the nation, or 38% below the average for all the states. See <http://tiny.cc/MDWorkersComp>

**Q What about Minimum Wage, Overtime Pay, and Equal Pay Laws?**

**A** Maryland law requires employers to pay all promised wages and benefits on a regularly established payday, and at least every other week for hourly employees, with only federal, state, or employee-authorized deductions. The federal and Maryland State minimum wage is US \$7.25/hour, as of July 24, 2009. Overtime hours (over 40 hours/week) must be compensated at 1.5 times the employee's regular pay rate. Minimum and Overtime Wages cannot be eliminated by agreement or union contract. Employers do not have to pay overtime wages to certain categories of salaried employees (executive or administrative professionals, managers, supervisors, or outside salesmen). Equal Pay applies to male and female employees performing the same work, requiring the same skills, with the same responsibilities. See: <http://www.dllr.state.md.us/labor/emplaws.shtml>

**Q What is the Maryland Prevailing Wage Law?**

**A** Specific wage rates have been set for certain skilled-labor employees on "public works" construction projects over US \$500,000. See: <http://dllr.maryland.gov/labor/prev.html>

**Q Are there other employment-related taxes?**

**A** In the U.S., both employers and employees pay taxes to fund Social Security and Medicare, federal programs that provide benefits for retirees, the disabled, and children of deceased workers. *Social Security* benefits include old-age, survivors, and disability insurance; *Medicare* provides hospital insurance benefits. This tax is FICA (the Federal Insurance Contributions Act). Social Security benefit annuities to retirees are determined by the amount of FICA payroll taxes employees paid during their working years.

**Q Are workers paid more on weekends/holidays?**

**A** Work scheduled on weekends or holidays is not subject to premium pay rates, although some employers do choose to pay extra for these days.

**Q Is there a typical employee benefit package?**

**A** In order to estimate employee benefit packages, calculate 20-40% of an employee's gross salary, depending on the industry, specific job, location in the state, and the employee's skills or qualifications to perform a particular function,

**Q Is there a typical vacation benefit?**

**A** Many U.S. employers award workers two weeks of paid annual leave, but the vacation benefit varies by industry type, workforce size, and local market standards. Additional weeks of vacation are generally given for merit or longevity.

**Q Are there other leave benefits?**

**A** The U.S. Family & Medical Leave Act (FMLA) requires employers to provide up to 12 weeks of unpaid, job-protected leave, for several reasons, including childbirth, adoption of a newborn, the recent placing of a foster child, or to care for a sick family member. Employers may hire temporary workers to do the jobs of employees on FMLA leave. Employees using the FMLA benefit must return from leave to the same job, or be given a job with the same wages, benefits and working conditions.

New Military FMLA leave rules provide up to 26 weeks to care for a military family member undergoing medical treatment or otherwise on temporary disability for a serious injury or illness, or for any qualifying family care necessity arising out of the military service of a member of the employee's immediate family. See: <http://www.dol.gov/esa/whd/fmla/>

**Q Are there other leave or "fringe" benefits?**

**A** Employers typically provide employees with plans covering health care, disability, retirement, and life insurance; as well giving paid vacations, holidays, and personal days. These "fringe" benefits are considered partial and deferred compensation for services already rendered. No federal law requires employers to provide fringe benefits. However, if offered, these benefits will be regulated by federal law: disability insurance must include pregnancy-related benefits; retirement plans must be based on unisex actuarial tables; health care plans must be offered, at the employee's expense, for up to 18 months after employee termination. See COBRA Consolidated Omnibus Budget Reform Act: <http://www.dol.gov/dol/topic/health-plans/cobra.htm>

Fringe benefits are not subject to income tax if they meet certain requirements under a federal law for employee retirement income. See ERISA Employee Retirement Income Security Act) <http://www.dol.gov/dol/topic/health-plans/erisa.htm>

**Q What if employees are called for jury duty?**

**A** Central to the U.S. justice system is the right to a trial by a jury of one's peers. This right is guaranteed to all by the U.S. Constitution and by Maryland's Declaration of Rights. Employers are required to give employees time off to serve jury duty. Maryland State pays its jurors US \$15-\$30 per day for expenses incurred (meals, mileage, parking). If not paid by employers for days missed from work for jury duty, then jurors receive only what the State pays for their daily expenses. If your employee is called for jury service on a date not good for your business, most courts allow dates to be rescheduled, with documentation.

**Q What is the labor union landscape in Maryland?**

**A** In 2008, 12.4% of all U.S. workers belonged to a labor union, up slightly from 12.1% in 2007. For 2008, Maryland's union membership was 12.6%, (down slightly from the previous year's 12.9%), continuing its decline since its 1989 high of 16%. By comparison, 2008 union membership was 24.9% in New York; 18.3% in New Jersey; and 15.4% in Pennsylvania – Maryland's neighbors. Whether unions will be a factor depends on the nature of your business and the quality of your company's employer-employee relations.

**Q Is Maryland a "Right-To-Work" state?**

**A** No. Unions formed in Maryland may negotiate with employers for a clause in their contracts that requires all employees to pay union dues. Less than half (22) of the states in the U.S. are "Right-To-Work" states, in which unions generally may not negotiate for mandatory dues.

The National Labor Relations Act (NLRA) protects non-union and union employees against discrimination based on union-related activity or group action ( or "[protected concerted activity](#)"). However, employers generally can make decisions about most personnel actions, including termination, unless employees are protected by an employment contract or Collective Bargaining Agreement, and if there is no discrimination in violation of civil rights laws.

The National Labor Relations Board (NLRB) is responsible for all union activity. It supervises the secret ballot election process to certify or decertify unions, and investigates and prosecutes unfair labor practice charges brought by employers or by unions. See: [www.nlr.gov](http://www.nlr.gov).

**Q What is Maryland's "at will" employment?**

**A** Like many states, Maryland has "at will" employment, and employees work "at the will" of their employers. Unless employers have explicit contracts, agreements, or policies to the contrary, employees may be hired or fired for almost any reason (whether fair or not), or for no reason at all. Similarly, "at will" employees have the right to resign their employment at any time, for any reason, or for no reason. Employment-At-Will exemptions include laws which protect employees from being fired for asserting their protected rights.

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Even though Maryland is an “at will” employment state, large employers with 100 or more employees must provide 60 days notice in advance of firing a large number of employees in plant closings and mass layoffs, in order to comply with the federal law: WARN: the Worker Adjustment & Retraining Notification Act. See: <http://tiny.cc/MD At Will Employment> <http://tiny.cc/MD WARN>

**Q If Maryland is an “at will” employment state, how does “termination for just cause” apply?**

**A** If employers have contracts with employees specifying work to be done for a period of time, then those employees can be fired (terminated) only for “just cause,” which would be either failure to perform the work adequately, or for a criminal act, such as drug use on the job.

**Q Are Maryland’s labor costs competitive?**

**A** Calculating labor costs depends on where in the State of Maryland you locate your business, the nature and skill of the work to be performed, and the training and productivity of your employees. Maryland’s labor costs compare very favorably with neighboring states in many industries.

Over the past decade, Maryland’s skilled civilian labor force grew by 8.3%, and is expected to keep growing. Even in the current economic climate, ***Maryland is still a safe and stable place to invest.***

For more information, please contact:

Department of Labor, Licensing & Regulation  
Office of Workforce Information and Performance  
1100 North Eutaw Street, Room 314  
Baltimore, MD 21201-2201  
410-767-2250  
Email: [imai@dllr.state.md.us](mailto:imai@dllr.state.md.us)  
Visit: <http://www.dllr.state.md.us>



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## IMMIGRATION & VISA ISSUES:

### Q What visas are required for foreign workers?

A Employers planning to bring workers from their home country to Maryland to set up and operate their company or subsidiary will need specific visas based on the category of worker, the type of work to be done, and how long they are here. Visa petitions *are filed with* the U.S. Citizenship & Immigration Services (**USCIS**), part of the U.S. Department of Homeland Security; *visas are obtained at* U.S. consulates in other countries.

Companies setting up subsidiary businesses in Maryland frequently need to use the L-1 Visa, for intra-company transferees, which allows entry into the U.S. for *managers and executives* for up to seven years; or the L-1B Visa, which allows *skilled professionals* entry into the U.S. for up to five years. Both these visas may be used as the basis for seeking Permanent Resident status, in the event a longer stay in the U.S. is required.

The H-1B Visa, for *specialty occupations* (accountant, computer analyst, engineer, financial analyst, scientist or architect), allows those with a four-year bachelor's degree (standard), or graduate degree (advanced degree), to work in the U.S. for up to six years.

*Treaty Investor (E-1)* and *Treaty Trader (E-2)* visas may be obtained by nationals of countries with certain U.S. trade treaties. The financial investment requirement for Treaty Investor or Trader Visas varies, depending on the business type, size, and location, but generally requires a minimum of US \$1,000,000.

### Q What are EB-5 Immigrant Investor Visas?

A Through the U.S. Citizenship and Immigration Services, foreign investors establishing a company in the U.S. which creates at least ten new, full-time jobs, investing between US \$500,000 and \$1,000,000 (depending on whether the investment is in a Targeted Employment Area, or TEA), may be fast-tracked for a green card as an EB-5 Immigrant Investor. It is recommended that any potential immigrant investor work with an immigration attorney. Please contact us for more information on areas that qualify as TEAs.

### Q Do I need a visa to come to Maryland to set up my company or subsidiary?

A Business travelers from 35 qualified countries may travel to and enter the U.S. for a maximum of 90 days without first obtaining a visa, if they meet the five Visa Waiver Program (VWP) requirements. VWP visitors must demonstrate: (1) that the purpose of their visit is to enter the U.S. for business; (2) that they plan to remain in the U.S. for a specific, limited period; (3) that they have enough money to cover their living expenses while in the U.S.; (4) that they have compelling social and economic ties abroad; and (5) that they have a permanent residence outside the U.S., as well as other binding ties that will ensure their return abroad.

#### VISA WAIVER PROGRAM (VWP) - Participating Countries

Andorra	Iceland	Norway
Australia	Ireland	Portugal
Austria	Italy	San Marino
Belgium	Japan	Singapore
Brunei	Latvia	Slovakia
Czech Rep.	Liechtenstein	Slovenia
Denmark	Lithuania	South Korea
Estonia	Luxembourg	Spain
Finland	Malta	Sweden
France	Monaco	Switzerland
Germany	Netherlands	United Kingdom
Hungary	New Zealand	

**Q Are there other Visa Waiver Program rules?**

**A** Effective July 1, 2009, all Visa Waiver Program (VWP) temporary passports must be electronic (e-Passports) to be eligible for travel to the U.S. Also, all persons traveling to the U.S. under the Visa Waiver Program must apply online, at least 72 hours before departure, for a separate Travel Authorization, called ESTA: Electronic System for Travel Authorization. ESTA is not a visa and does not guarantee entry to the U.S. However, the e-Passport and ESTA Travel Authorization allow the U.S. Department of Homeland Security to pre-screen travelers to the U.S. from VWP countries, and they allow VWP visitors to travel easily to the U.S. for business for 90 days or less, without first obtaining a visa.

**Q What if I need to stay longer than 90 days?**

**A** Business visitors who need to stay longer than 90 days, or nationals of unqualified countries, may apply for a Business Visitors Visa B-1 by applying directly to the U.S. Consulate offices in their home countries. With the Business Visitors Visa B-1, you can stay for six months to one year, if engaged in legitimate business activities of a commercial or professional nature, **and if no salary, compensation, or payments of any kind from any U.S. source are received** (except reimbursement of incidental travel expenses). You may apply to USCIS for extensions, available in six-month increments, if due to an unforeseen delay in a business matter. For consular offices in other countries, see: [http://www.usimmigrationsupport.org/us\\_consulates.html](http://www.usimmigrationsupport.org/us_consulates.html)

**Q What are “visa preference categories?”**

**A** Employment-based immigrant visas are divided into five preference categories. Except for the highest priority workers, most categories will require labor certifications from the U.S. Department of Labor (DOL), and visa petitions filed with the U.S. Citizenship & Immigration Services (USCIS). Legal advice will help you decide which priority categories apply to the personnel you need to bring to Maryland to start and operate your business, and will be able to assist you in the preparation of the applications.

**Q Can I bring key managers to manage a U.S. subsidiary for two or three years?**

**A** Yes, using the L-visa program, businesses can bring over managers and other key technical personnel to establish and operate the new U.S. subsidiary of your company in Maryland.

**Q Can my spouse and children work in the U.S.?**

**A** Spouses of L-1 visa holders can work in the U.S. (using L-2 visas), but spouses of workers holding H-1B visas (available to certain managers and engineers) may not work here. Children are not allowed to work in the U.S., but may attend either public or private schools here.

**Q Are there visa “quotas” limiting availability?**

**A** Visa petitions are accepted in April of the current year for employment beginning in October of the following year. Quotas determine the number of H1-B standard & advanced degree visas awarded annually (65,000 and 20,000, respectively).

**Q How long does it take to get an L-1 or H-1B visa?**

**A** Processing time can be four to five months. For a premium fee of US \$1,000, USCIS will process your visa petition within 15 days. You will receive either an approval, denial, or request for further evidence. H1-B visas quotas are often met within the first week of availability. If so, then visa petitions are selected by lottery (advanced degrees first), delaying processing. Companies may want to consult an immigration attorney to determine how many H1-B visas are available when ready to request this type of visa.

**Q Can I do all the paperwork for the visa petition myself, or should I hire an attorney?**

**A** Immigration rules are complex. While it is possible to obtain a straightforward Business Visitor B-1 Visa without hiring an attorney, you may wish to consult an immigration attorney to help prepare the documentation required to obtain either an L or H-1B visa.

**Q How do I find a good immigration attorney?**

- A** The American Immigration Lawyers Association (AILA) at <http://www.aila.org> can assist you in finding a list of immigration attorneys qualified to practice in the State of Maryland. Email: [ils@aila.org](mailto:ils@aila.org) or Phone +1-800-954-0254. Or use Martindale: <http://www.martindale.com/>.

The Immigration and Naturalization Act (INA) in Title 8 of the U.S. Code, provides the foundation for immigration law, along with its amendments. More recent immigration laws impact visa processing, including the 2001 USA Patriot Act and the 2002 Enhanced Border Security and Visa Reform Act. For more information, refer to the [U.S. immigration laws and regulations](#).

For other immigration questions, please contact:

Bureau of Citizenship & Immigration Services  
BICS Baltimore District  
Fallon Federal Building  
31 Hopkins Plaza  
Baltimore, MD 21201  
410-962-7449 or Toll Free: 800-357-2099  
National Customer Service at +1-800-375-5283  
<http://www.uscis.gov>  
<http://tiny.cc/EmploymentVisas>



## Maryland Business Basics:

### INTELLECTUAL PROPERTY and CONFIDENTIAL INFORMATION:

**Q** How are company trade secrets, proprietary manufacturing processes, or confidential company information protected in Maryland?

- A** Historically, patents, copyrights and trademarks have been protected by federal law, and intellectual property rights in trade secrets have been protected by state laws. Today, Maryland, like most states, has laws modeled after the federal Uniform Trade Secrets Act (UTSA): the Maryland Uniform Trade Secrets Act (MUTSA), Md. Code Ann., Com. Law§11-1201. See full-text: <http://tiny.cc/MUTSA>

MUTSA makes it illegal to steal trade secrets, and violators pay damages for doing so. A “Trade Secret” is information, including a formula, pattern, compilation, program, device, method, technique, or process, that is valuable to the employer because it is *generally not known* in the industry, **and** that is “*reasonably protected*” by the employer. Confidential information includes business plans, accounting methods, cost data, machine set-up information, truck routing information, or specific product formulas.

**Q** How does a company “reasonably protect” confidential information and trade secrets?

- A** Just because something qualifies as a trade secret under MUTSA, it is not a protectable trade secret if its holder fails to take reasonable efforts to maintain its secrecy. To protect trade secrets, employers can require employees to sign a *Covenant Not to Compete* (or *Non-Compete Agreement*) or *Non-Disclosure Agreement*, which obligates employees to protect a company’s trade secrets, so that competitors may not gain economic value from their use or disclosure.

Maryland courts determine whether information is a “trade secret” by the extent to which the information is known outside of one’s business; is known by employees and others involved in the business; the measures taken by the business to guard its secrecy; the value of the information to the business and its competitors; the amount of effort or money expended in developing the information; and the ease or difficulty with which the information could properly be acquired or duplicated.

**Q** Who owns or keeps rights to inventions developed by employees working for me?

- A** Maryland has a “work for hire” law that protects the employer for rights to all work done by its employees on behalf of the employer. As with “trade secrets,” it is common for employers to include a clause in the

employment contract that specifies that any and all inventions or other intellectual property developed during the course of employment belongs to the employer.

**Q How can I prevent former employees from using what they learned working for me and then selling directly to my customers?**

**A** Maryland courts will generally enforce either *Covenants Not to Compete* and *Non-Disclosure Agreements*, which prohibit employees from competing in the same industry within the same geographic area for a specified period of time. These protective employment agreements also prevent former employees from trying to sell directly to your established customers, and may include language to prevent former employees from recruiting their former co-workers to form a new, competing business against yours.

**Q My intellectual property is protected in my own country. Is it also protected in the U.S.?**

**A** Intellectual property protection in your country is not protected in the U.S. without applying to the U.S. Patent & Trademark Office (USPTO) or the U.S. Copyright Office for patent, trademark, or copyright protection. For more information, see: [www.uspto.gov](http://www.uspto.gov) or [www.copyright.gov](http://www.copyright.gov).

**Q How long does it take, and what does it cost, to protect a company's intellectual property?**

**A** Whether you protect a product or manufacturing process, you do not need to apply for protection before you start selling or publicly disclosing your product or process. You have one year from the first sale or public disclosure to apply for patent protection, and the approval process takes two to three years. Once the application has been approved, the product or manufacturing process is protected *from the date you first applied for protection*, and others will not be able to make, use, or sell your patented product or process anywhere in the United States, without penalty. Costs to apply for and prosecute patent applications vary depending on the number and complexity of claims in your patent application, plus attorney's fees, for about US \$ 8,000-10,000.

**Q Can products manufactured in my country and marketed in the U.S. also be protected?**

**A** Yes, the patent protection process is the same no matter where your products are manufactured.

**Q Is my registered company name protected?**

**A** The name that a business uses to identify itself is called a "trade name" and is protected under state corporate registration laws so that another company *in the same industry in the same state* will not be able to register using the same business name as your company's "trade name." Trade names are not protected under federal law the way trademarks are, unless a company's trade name is very distinctive and functions like a trademark (for example: Apple Computers).

**Q Are internet domain names protected?**

**A** Yes, the U.S. Patent & Trademark Office (USPTO) trademarks internet domain names as long as they are being used in connection with a website that sells goods or services. Frequently, the domain name is the full business name, or an abbreviation of the business name.

**Q How do I find intellectual property attorneys qualified to prepare, file, and prosecute U.S. patent & trademark applications?**

**A** The USPTO maintains a list of attorneys and agents specially licensed to practice before it. You can search by attorneys in the State of Maryland. See: <https://oedci.uspto.gov/OEDCI/> For more information, see the U.S. Patent & Trademark Office ([www.uspto.gov](http://www.uspto.gov)) or the U.S. Copyright Office ([www.copyright.gov](http://www.copyright.gov)).

You may also wish to contact the Maryland Intellectual Property Legal Resource Center at:

387 Technology Drive  
College Park, MD 20742-3371  
1-301-314-8572

**Maryland Department of Business & Economic Development**  
401 East Pratt Street, World Trade Center, Baltimore, MD 21202 USA | [www.choosemaryland.org](http://www.choosemaryland.org)



## Maryland Business Basics: INTERNATIONAL BUSINESS ASSISTANCE:

**Q Are there state programs to assist foreign direct investors starting companies or setting up subsidiaries in the State of Maryland?**

**A** Yes. Maryland's Department of Business & Economic Development has an Office of International Investment & Trade (OIIT), whose executives understand Maryland's strategic advantages and assist international businesses as they evaluate the many variables that go into making a successful site location decision. Their services include:

**Market Research** on labor availability, wage rates, taxes, and duty costs;

**Building & Site Selection Assistance** to meet your company's requirements;

**Incentives** packages to provide the highest possible level of financial support;

**Liaison Service** between your company and the U.S. government's regulatory agencies;

**Referrals** to local attorneys, accountants, and banks experienced with incorporation, financial services, and immigration issues;

**Supplier Contacts** to connect international businesses with potential vendors and service providers here in Maryland; and

**Cultural Assimilation Assistance** to provide information on international schools and community organizations focused on your needs.

Maryland's outstanding location, exceptional workforce, highly-developed transportation infrastructure, and its business-friendly environment, work together to make **MARYLAND the premier global gateway** for any company entering the U.S. market. Thank you for your interest in doing business in the State of Maryland!



### FOR MORE INFORMATION, PLEASE CONTACT:

#### **MD Dept. of Business & Economic Development**

Office of International Investment & Trade

World Trade Center

401 East Pratt Street, 7<sup>th</sup> Floor

Baltimore, Maryland 21202 U.S.A.

1-410-767-6522 Telephone

1-410-333-4302 Fax

Email: [international@choosemaryland.org](mailto:international@choosemaryland.org)

**Maryland Department of Business & Economic Development**

401 East Pratt Street, World Trade Center, Baltimore, MD 21202 USA | [www.choosemaryland.org](http://www.choosemaryland.org)



Website: [www.choosemaryland.org](http://www.choosemaryland.org)

The **Maryland International Business Center** is a virtual portal of international business contacts and agencies in the State. The virtual center is housed at:

<http://www.choosemaryland.org/businessinmd/internationaloperations/page8370.html>

*Sources: Maryland Department of Business & Economic Development; Maryland Department of Labor Licensing & Regulation, US Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics; National Labor Relations Board; Maryland Injured Workers' Insurance Fund; Maryland Comptroller; Actuarial and Technical Solutions, Inc. (Workers' Compensation rates); Tax Foundation; Federation of Tax Administrators; U.S. Small Business Administration; National Science Foundation; the Energy Information Administration; the U.S. Patent & Trademark Office; the U.S. Copyright Office; the U.S. Citizenship and Immigration Services, a division of the Department of Homeland Security; Maryland Code; U.S. Federal Register; and Guide to Legal Aspects of Doing Business in Maryland (Maryland Attorney General and Maryland Department of Business & Economic Development, February 2009).*

**Note:** The information provided here is for information purposes only; it should not be considered legal advice. While every attempt has been made to confirm its accuracy, individuals wishing to do business in Maryland should consider retaining appropriate counsel with expertise to furnish authoritative and current legal and business advice.

Updated 2009-11-30.