



GUIDE FOR FOREIGN INVESTMENT IN NEW JERSEY

**choose:
new jersey**

**New Jersey:
The State of Innovation**



KEY CONSIDERATIONS FOR INVESTMENT

The U.S. State of New Jersey is home to 15 Fortune 500 companies, more than 1,100 multinational companies, and 225 foreign company headquarters. New Jersey offers a welcoming climate for both U.S. companies and foreign direct investment (FDI), but it is important to be aware of the regulatory environment when setting up your company here. This guide, based on Select USA's [Investor Guide](#), is designed to provide an effective, concise overview of the major concerns and considerations to be aware of when investing in the State of New Jersey.

For foreign entities, your U.S. advisors should be able to provide more insight into many of the issues discussed below, as well as answer any questions you may have. You should also be aware that historically, U.S. and New Jersey State policies have favored foreign investment and generally impose few restrictions on the establishment of business operations. The market is large and foreign investment is found in many business sectors within the state, including life sciences, logistics and distribution, clean energy, technology, manufacturing and food and beverage.

WHAT IS THE BEST STRATEGY TO ENTER THE U.S. MARKET?

Many companies, despite a quality service or product, fail when entering into a new market due to lack of preparation and research. To maximize your likelihood of success, proper due diligence is key prior to entering the U.S. market. New Jersey may also have specific regulations that apply to your industry.

New operations require a comprehensive strategy covering multiple key areas. First, put together a steering committee from across your organization and develop a plan of action. Once you've established a plan, you are ready to get started, but stay open-minded and flexible about new opportunities that may arise. A business that is able to adapt to change through unexpected circumstances will thrive in the long run.

WHAT GOALS DO YOU WANT TO ACCOMPLISH WITH A NEW JERSEY-BASED LOCATION?

Defining your business goals is a best practice for successful U.S. market entrants. Asking the right questions will help you understand exactly what you are looking to achieve from your investment. What are your financial and non-financial goals? What can you offer your customers? What do you want your brand to represent? What will your relationships with suppliers or partners look like? How valuable will this new venture be to your employees? Making a list of specific, quantifiable goals around these subjects will build alignment and provide clarity among team members, as well as foster better communication and collaboration throughout the process.



WHAT ARE YOUR MAIN AREAS OF FOCUS?

Navigating the expansive, complex U.S. market can be challenging during the first year for any business - from startups to large multinationals - so it is important to invest your time and money wisely. Where are your most valuable current and prospective customers located? What market has the most potential? How will you segment by customer, geography, product, or channel? Be specific and intentional about these elements; they will make or break your business. Once you've done your research and put realistic figures to it, allocate the larger part of your resources to top tier considerations.

HOW WILL YOU POSITION YOUR PRODUCT OR SERVICE?

Taking your product or service to a new market requires creativity and flexibility. Just because a method may have worked in the past, in a different market or location, doesn't mean that it will work in every situation. Figure out why consumers should buy your product or service, and why they should choose you over someone local or a competing exporter. Answering the following questions will help to optimize your new business operations.

- What is your unique selling proposition?
- Will you compete on cost, quality, speed, agility, or innovation?
- Do you have an understanding of what your current and future customers like and dislike about your product or service?
- What makes your business strong?
- Will you need to leverage partnerships with other businesses?
- Should your target business model differ from your home market, or be localized to an extent?

HOW WILL YOU CONFIGURE BUSINESS OPERATIONS TO MEET YOUR GOALS?

Once you have a clear vision of what your business will look like, you must configure your business operations to help meet your goals. If you sell products, where do you need to modify or develop your supply networks? What technological systems must be put in place? What specific skill sets do you need access to (labor and talent)? How will you recruit and retain a highly skilled, highly educated workforce? How will you meet customer expectations? Getting to these answers will help your team understand the scope of work that is involved in configuring your business operations.

WHAT IS YOUR PLAN OF ACTION?

It is important to establish workflows, create tasks, set deadlines, assign responsibility, and develop a budget plan. Make a business case that shows initial cost, payback period, ROI, and cash flow over time. Then, assess whether you have the right people and if they have the knowledge and expertise to follow through. If necessary, determine which pieces you are missing and build a hiring strategy into the plan. Even after your initial planning, there will still be a lot to learn. Your plan will shed light on the areas that need more attention and prompt you to take certain actions as a result.

GETTING STARTED: STEPS TO INVEST IN NEW JERSEY

INVESTMENT PLANNING

Investment planning is critical if you are starting up, expanding or relocating in New Jersey. Your team of dedicated U.S. professionals may include the following:

- International tax professional to identify the best structure for foreign company owners
- U.S. tax professional to analyze federal and New Jersey State taxes
- Corporate lawyer to integrate the entity and draft legal contracts and agreements
- Insurance agent to acquire business liability and workers' compensation coverage
- Banker for financing and banking needs
- Trade and tariff advisor
- Site selection consultant
- Real estate broker
- Visa attorney

DEVELOPING YOUR INVESTMENT STRATEGY

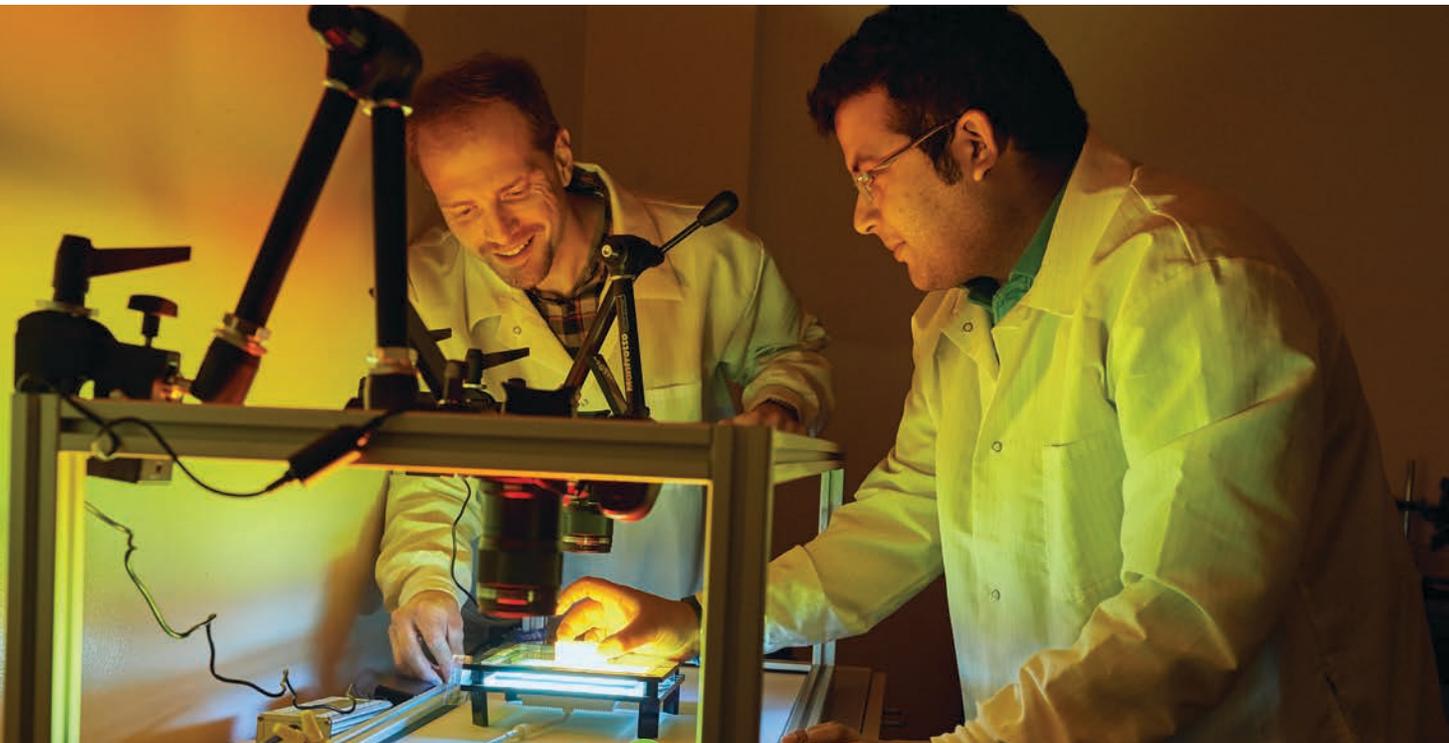
It is important to have clear, precise investment objectives and understand the risks involved when developing your investment strategy. Your strategy must be data driven and focused on previously-defined benchmarks. Business executives should oversee setting these strategies and all company stakeholders should be involved early in the process. The strategic development process for most startup project should take no more than 12 weeks.

HOW CHOOSE NEW JERSEY CAN HELP:

Our team can introduce you to service providers including accountants and lawyers that are fluent in many languages and have industry specialization.

HOW CHOOSE NEW JERSEY CAN HELP:

We provide companies with information on financial assistance and workforce development initiatives. Through our relationships with state government agencies, we can connect you to New Jersey's robust programs and services.





SELECTING A NEW BUSINESS LOCATION

Location is one of the most important factors to consider in foreign investment. Where you decide to operate will affect many other components of your business. Here are a few recommended topics to take into account when making this decision:

Goal setting:

What factors are critical to your company's success? For example, is being close proximity to your customers essential?

Workforce:

How important is gaining access to workforce and talent, and what is the competition, cost, and availability of the required skill sets? A major indicator of talent availability is the number and types of companies already operating in a specific area.

Supply Chains:

Access to a dense supply chain network including manufacturers, distributors and retailers is important to ensure efficient business operations.

Cost of Location:

What are your best location options? Evaluate cost models and weigh the financial and non-financial factors.

Site Visits:

Visit the potential locations in person to get a sense of the space and surrounding area, including proximity to transportation.

Tax Credits/incentives:

It is important to factor in the impact that tax credits and incentives will have on your business.

HOW CHOOSE NEW JERSEY CAN HELP:

Our team offers detailed market assessment services including talent availability by geographic area and state by state comparisons. We can also connect you to higher education experts and researchers for your R&D needs.

HOW CHOOSE NEW JERSEY CAN HELP:

We search our database for available properties that meet your requirements including pricing, leasing and market conditions. Our relationships with local economic development organizations allow us to identify sites that aren't listed on public domains.

TAX AND ENTITY PLANNING IN NEW JERSEY

Determine the type of legal entity best suited for your unique needs and situation, and determine the date of your accounting year-end. In New Jersey, the most common business structures are sole proprietorship, general partnership, a corporation, and a limited liability company (LLC). The entity type and the accounting year-end should be selected with the advice of your U.S. tax accountant and corporate lawyer, as well as your home country advisors¹. Submit paperwork to establish your legal entity. If needed, use an expedited service.

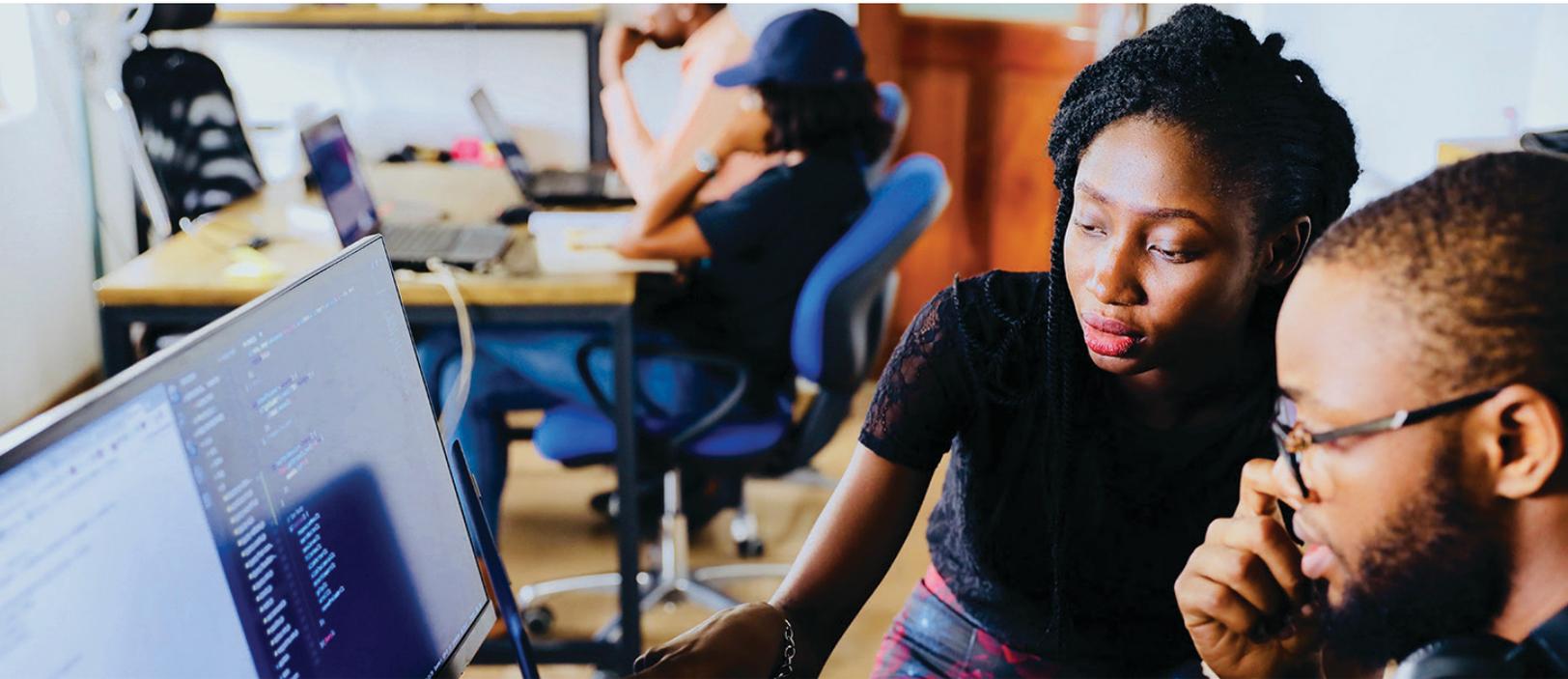
- Secure capital for your new entity.
- Register with the Internal Revenue Service (IRS) for a Federal Employer Identification Number (FEIN).
- File with the New Jersey State government for a certificate of assumed name or doing business as (DBA) name, if needed.
- Obtain any appropriate New Jersey State tax and/or local identification numbers.

Federal, State and municipal tax issues should be discussed with your U.S. advisor.

- Prepare for U.S. income tax compliance. Withholding requirements may apply regarding payments to the foreign parent.
- Determine whether the foreign parent company has had a U.S. income tax presence ("permanent establishment"). Are there any delinquent U.S. tax and/US tax reporting that need to be addressed?
- Consider a capital investment strategy.
- Review expected intercompany transactions to determine potential withholding tax and transfer pricing.
- Find any New Jersey State and local credits and incentives that may apply. Prepare for State and local tax compliance.²
- Determine the cost and impact of employment taxes and contributions required by New Jersey State, local and federal law.

HOW CHOOSE NEW JERSEY CAN HELP:

We will help you navigate all state and local tax requirements and can connect you to accountants and lawyers to ensure compliance.



¹ You may pay filing fees and franchise taxes as applicable in the State of New Jersey. You will also need to name or appoint a registered agent.

² State and local taxes will vary significantly between each jurisdiction. They generally are not covered under international tax treaties. Common State and local taxes to be aware of include property tax, sales/use tax, payroll taxes, and income tax.



HUMAN RESOURCES PLANNING

Employers must comply with New Jersey State and federal laws and regulations controlling the hiring, treatment, compensation, and termination of employees. Social Security in the U.S. is a retirement income and health benefits program for elderly and disabled individuals. It is funded entirely by employer and employee contributions. Consult with your professional services team to understand your health insurance options and how the Affordable Care Act (ACA) will play a role in your organization. Also, ensure non-US citizens acquire the proper visas before starting work.

FINANCIAL ACCOUNTING AND REPORTING

Select an accounting system or provider that will help you meet your business objective and advise you on the right financial decisions. The use of virtual solutions is growing rapidly and may be a cost-effective option for your organization.

- Choose an accounting system/provider.
- Establish an accounting system and reporting.
- Set up banking, Bankers Automated Clearing Services (BACS) and credit card.
- Develop invoicing and accounting process.

CHOOSING A FACILITY IN NEW JERSEY

As a business owner, you need to accurately determine your facility requirements. Companies should work with dedicated real estate professionals and facility providers to secure the space needed to conduct business effectively. Utilization of a shared space, or co-working location, is becoming increasingly common - especially for initial operations. Are you looking for a short or long-term solution? As operations grow, you may look into getting a lease or more permanent location. Find a facility that is flexible, scalable, and contributes to your profitability.

- Apply for necessary New Jersey and/or local business licenses or permits.
- Speak to an insurance advisor about liability insurance.
- Understand technology and IT needs.

HOW CHOOSE NEW JERSEY CAN HELP:

Our team can help you identify staffing and payroll agencies to provide recruiting and human resources assistance.

HOW CHOOSE NEW JERSEY CAN HELP:

We can connect you with the real estate community and arrange site visits. We make your property search convenient, so you find the site that best meets your relocation or expansion needs.



ABOUT CHOOSE NEW JERSEY

Choose New Jersey is a privately funded 501 (c)(3) economic development organization with a mission to stimulate job creation and attract capital investment to New Jersey. Choose New Jersey markets New Jersey both domestically and internationally as the best place to grow a business in the United States. Knowledgeable, experienced staff, supported by a network of State agencies and private partners, provide free, confidential assistance to guide companies in establishing operations in New Jersey. By harnessing the power of business, labor, academic and government leaders, Choose New Jersey enables growth across all sectors of the State's economy, aspiring to build a stronger and more prosperous New Jersey for all.

IMPACT

Since 2010, Choose New Jersey has assisted 303 companies resulting in 19,340 new and retained jobs and generating \$6.2 billion in capital investment.

INTERNATIONAL PRESENCE

Headquartered in Newark, NJ, Choose New Jersey has supported startups and multinationals in diverse industries from all over the world. We have coordinated Governor-led business attraction missions to Israel, Germany and India and business and academic trips to Ireland and Israel. Our team is focused on attracting international investment and creating opportunities for global partnerships.

New Jersey Europe Center (NJEC)

Founded in 2018 during Governor Murphy's business attraction trip to Germany with the New Jersey delegation, NJEC cultivates international investment and provides resources to European companies to identify and explore opportunities for growth in North America.

New Jersey India Center (NJIC)

Founded in 2019 during Governor Murphy's historic business attraction trip to India with the New Jersey delegation, NJIC showcases our State's vested interest in the subcontinent and helps Indian companies looking to expand or break into the North American market.

SUPPORT

New Jersey is a global gateway to reach the North American market and offers international companies a competitive advantage. Begin your location search with Choose New Jersey, and we will ensure a streamlined process from planning to move-in. Our team is ready to help as you explore business opportunities in the U.S.



HOW WE CAN HELP YOU

Choose New Jersey provides a range of confidential and complimentary services to assist in your location decision. Our team offers personalized guidance at every stage of establishing or expanding operations here. Let us help you discover your second home in New Jersey.

OUR SERVICES



Market Intelligence

We help companies see their potential in New Jersey with customized Request For Information (RFI) responses and detailed market assessment services. We present businesses with state and regional labor market data, demographics, – tax information, transportation and industry profiles.



Site Selection Assistance

We search our database for available properties that meet your requirements. We can provide information such as pricing, leasing and market conditions. We leverage our relationships with local economic development organizations to identify other sites that aren't listed on public domains. Our team can connect you with the real estate community and arrange site visits.



State Resources Information

We position companies to benefit from all the State has to offer. We provide information on financial assistance and workforce development initiatives. Through our relationships with State agencies, we create a bridge to access New Jersey's robust programs and services.



Introductions to Public and Private Partners

Our extensive network of public and private partners provide a wide range of services. We can connect you to higher education experts and researchers for R&D collaborations. From legal and accounting to staffing assistance, we ensure a steady landing for domestic and international businesses.



Public Relations Support

After a company chooses New Jersey, we help publicize the good news. Our team can provide assistance with groundbreaking or ribbon-cutting events. We offer public relations outreach to announce your company's relocation or expansion.



KEY GROWTH INDUSTRIES

Our key industries are pivotal to the strength of the State's economy, leveraging the many unique assets New Jersey has to offer.



ADVANCED MANUFACTURING

Industry leaders such as Anheuser-Busch, Benjamin Moore, Bristol-Myers Squibb and Lockheed Martin have manufacturing operations within our State. More than 2,500 advanced manufacturing firms are located in our State and 2/3 of all manufacturing employment is classified as advanced.



BIOTECH & LIFE SCIENCES

New Jersey is home to 13 of the world's 20 largest pharmaceutical companies including Johnson & Johnson, Merck and Novartis. Our State's unique commercialization ecosystem is comprised of elite research universities, medical schools and some of the best hospitals in the U.S.



CLEAN ENERGY

New Jersey is committed to 100% clean energy by 2050 and is uniquely located to serve as the U.S. capital for offshore wind. The state is home to the largest offshore wind farm and the first port dedicated to offshore wind manufacturing and assembly in the U.S. currently under development.



FINANCIAL SERVICES

A highly specialized workforce and more affordable office space across the Hudson River from Wall Street have helped make New Jersey a top choice for financial services companies, including Goldman Sachs, JP Morgan Chase and RBC Capital Markets.



FOOD & BEVERAGE

Home to global leaders like Mars Wrigley, Oatly and Fratelli Beretta, New Jersey's world-class transportation infrastructure makes it easy to transport products to customers, suppliers and retailers. New Jersey is the #1 state in the Northeastern U.S. for share of food production that is exported globally.



LOGISTICS

New Jersey's warehouses, distribution and fulfillment centers support global supply chains. New Jersey is home to the Port of New York & New Jersey, the second busiest seaport for imports and the highest railroad density in the U.S. You can reach 107 million consumers within a day's drive from anywhere in our State.



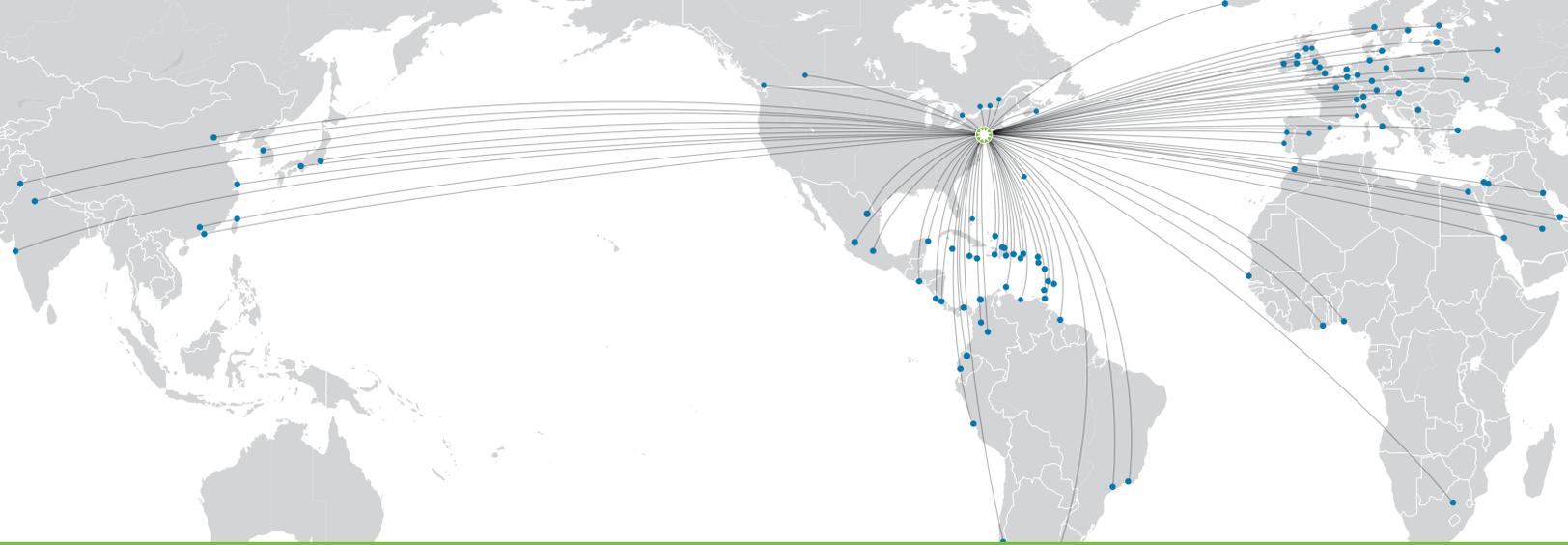
MEDIA & FILM

New Jersey offers a 30-35% film and media tax credit incentive including a 2% diversity bonus. Here you'll find high-quality entertainment industry talent at affordable rates, with geographic diversity ranging from beaches to mountains to cities.



TECHNOLOGY

New Jersey is home to technology giants like Audible, Panasonic, Verizon and Samsung. The New York/ New Jersey region ranks #2 in employment for software and application developers and #3 in cybersecurity analysts. Jersey City, NJ leads the world in highest percentage of female-founded startups.



A WORLD OF OPPORTUNITY

LOCATION

New Jersey's location along the U.S. East Coast offers market access and convenience any forward-thinking company needs. Our State is located in the middle of the Boston – New York City – Washington D.C. corridor, one of the world's most concentrated and affluent markets with 56.5 million residents and 3.75 trillion USD in economic output. Located just 10 minutes from New York City via train or ferry, it takes less time to travel from Jersey City to Wall Street than it does from Midtown Manhattan. New Jersey offers rail access to Boston in 4 hours and to Washington, D.C. in 3 hours. New Jersey businesses can reach more than 38 million consumers within a 2-hour drive.

INFRASTRUCTURE

New Jersey moves people and products like no other state. New Jersey hosts the nation's second largest seaport, major freight lines, extensive mass transit and one of the nation's busiest international airports. Newark, New York City and Philadelphia represent the #1 airport system in the U.S. with ~600 nonstop destinations. New Jersey is home to the Port of New York & New Jersey, the 2nd busiest port for imports in North America and the largest maritime cargo center on the U.S. East Coast. New Jersey also offers robust data infrastructure and has been ranked the #1 state for broadband access.

TALENT

Our highly educated, highly skilled workforce makes it easy to recruit top talent, whether you are hiring for a research lab, manufacturing facility, warehouse or sales office. New Jersey's college-educated workforce exceeds the U.S. average – 42% hold a Bachelor's degree or higher compared to 33% nationally. New Jersey has the highest concentration of scientists and engineers per square mile than anywhere else in the U.S.

EDUCATION

New Jersey sets the national standard for educating the next generation. The State ranks #1 for educating students at every level according to U.S. News & World Report. New Jersey is home to the #1 university in the U.S. (Princeton University) and #1 STEM high school in the U.S. Our world-class higher education research institutions, including Princeton University, Rutgers University, Stevens Institute of Technology, Rowan University, New Jersey Institute of Technology (NJIT) and Montclair State University, feed the talent pipeline and provide industry R&D opportunities.

DIVERSITY

Residing in New Jersey's waters, the Statue of Liberty stands as a symbol of our immigrant past and present. New Jersey is the #4 most diverse state and proudly boasts the second-largest population of foreign-born residents in the U.S. WalletHub's "Economic Impact of Immigration by State" 2020 study ranks New Jersey #3 overall. Our State placed #1 for immigrant workforce and #4 for brain gain and innovation categories. New Jersey is also home to the highest percentage of jobs generated by immigrant-owned business and the highest percent of foreign-born STEM workers.

LIVABILITY

New Jersey is one of the top places to call home and is ranked the #1 best state to live in the U.S. by WalletHub. Mountains, forests, beaches, cities, farms, wetlands—you can see it all within a few hours' drive. New Jersey is also close to urban centers in every direction, including New York City and Philadelphia. We are consistently named among the safest and healthiest states in the U.S. Our diverse neighborhoods with #1 ranked public schools make New Jersey an ideal location for families. That's why we were named the best state to raise children in the U.S.

OUR LEGACY OF INNOVATION CONTINUES WITH YOU

Throughout our history, New Jersey has dared to think different. We've established an environment that supports and Strengthens innovation. A gateway where business can succeed on a global scale. A region with the infrastructure, talent and resources to take your company to the next level. And one of the best places in the world to live and work. Choose New Jersey for your company's next era of growth.

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