The Challenges of USA Business!

Alan Lowne Saelig Co. Inc. CEO

The USA may be a land of opportunity, with a world-leading economy and vast consumer market. But it's also highly saturated, so intense competition can be expected. This means hard work to carve out a niche, demonstrate a USP and capture market share to bring a critical mass of sustained customers.

Fundamental challenges:

1. For stocking distributors, they must predict what products will sell within, say, two months. Often this is based on weighted historical sales as well as the intuition of technical staff.
2. Importing distributors face additional challenges of ever-changing tariffs and currency exchange rates, with the danger of selling a product at a fixed before the real final cost is known.
3. Staffing correctly for sale volume
4. Balancing cash flow
5. Maintaining appropriate insurances
6. Maintaining an appropriate marketing and social media presence.
7. Customer credit checking to avoid unreceivables
8. Overcoming stiff competition – including Amazon.
9. Fulfilling tax obligations

Taxing!

Running a U.S. business involves navigating complex, multi-layered federal, state, and local tax systems, alongside strict regulatory compliance requirements. Key difficulties include managing high operating and labor costs, intense market competition, securing adequate funding, and navigating inflation.

Key challenges:

- **Regulatory and Tax Compliance:** Navigating federal, state, and local tax systems is often cited as a top burden, with 69% of small businesses spending significantly on compliance. The Corporate Transparency Act is a key example of new, complex regulations.
- **Financial Pressures:** High inflation (cited by 55% of small businesses), high interest rates, and securing funding for operations are major hurdles. Poor cash flow management causes many startups to fail.
- **Labor and Talent Management:** Attracting and retaining qualified staff is difficult, with many businesses struggling with unfulfilled job openings and finding the right team.
- **Market Competition:** The U.S. market is highly competitive and often saturated, requiring significant effort to establish a niche and market products effectively.
- **Operational Costs:** High set-up and operating costs, including insurance and legal expenses, can be challenging.
- **Supply Chain and Geopolitical Issues:** Ongoing supply chain disruptions and geopolitical risks complicate operations and planning.

Compliance

US sales tax compliance is also a huge challenge, due to over 13,000 jurisdictions, frequently shifting rates, and complex, state-specific rules following the game-changing *South Dakota v. Wayfair, Inc.* decision. Economic nexus thresholds require remote sellers to manage sales tax in numerous states, with over 400 changes occurring in early 2025 alone. USA Sales Tax compliance involves correctly identifying where your business has a taxable presence (Nexus), registering with those states, accurately calculating and collecting tax on sales, filing regular returns, and remitting funds to state authorities, a process complicated by varying state laws and economic nexus thresholds (often $100k-$500k in annual sales or X number of transactions – different in each state) established after the *South Dakota v. Wayfair* decision, requiring businesses to track sales across jurisdictions and manage diverse tax rates, exemptions, and filing schedules. Strictly speaking, this also applies for USA sales of goods sent from abroad.

It is so complex that two ends of a building can even have different tax rates! Some states have different rates in each county! Even if a customer is tax-exempt, the seller has to keep the Tax Exempt Certificate on file and make sure it is renewed every year in case of an audit.

An international seller who has no physical presence in the USA but who makes sales into the US may have an economic nexus. A June 21, 2018 US Supreme Court case allowed states to require online sellers with “economic nexus” in their state to comply with that state’s sales tax requirements. This means that if a seller – no matter where they are located – makes a certain dollar amount of sales in a state, or a certain number of transactions with buyers in that state, then they are required to collect sales tax in that state.

For example, in Kentucky, any seller (US based or international) who makes more than $100,000 in sales in the state in the previous or current calendar year, or who made more than 200 sales transactions in the state in the previous or current calendar year, is required to comply with Kentucky’s sales tax laws. Compliance means registering for a Kentucky sales tax permit and collecting sales tax from any buyers in Kentucky, submitting tax returns frequently .

Key aspects of US sales tax headaches include:

- **Economic Nexus Complexity:** Post-*Wayfair*, businesses must track sales volume/transactions across states, with thresholds differing by state.
- **Shifting Rates and Rules:** Over 400 state sales tax rate changes occurred in the first half of 2025, with high, volatile rates in states like Louisiana, Tennessee, and Washington.
- **Product Taxability & Exemptions:** Items that are taxable in one jurisdiction may be exempt in another, making it difficult to maintain accurate, up-to-date, and automated tax calculations.
- **Digital Goods and Services:** The rise of digital products has introduced complex, varied tax laws across different states.
- **Compliance Burden:** Managing different filing deadlines, registration requirements, and reporting for each state (and sometimes city/county) creates significant, often, manual, and costly workloads.
- **"Junk Fee" Misconceptions:** Federal attempts to define "junk fees" could inadvertently create further, complicated, and, confusing, and conflicting, tax rules for retailers.

Succeeding in business requires a blend of strategic planning, strong execution, and adaptability, focusing on core elements like a clear vision, customer satisfaction, sound financial management, and building a great team, all while staying organized and leveraging technology for efficiency and growth in a competitive market. Key actions include defining clear goals, understanding your market, fostering a positive culture, and making data-driven decisions, underpinned by perseverance and a commitment to continuous learning and innovation.

All the above challenges can be overcome and success can be reached to benefit employees and employers alike.