

## Why Canadians Like to Invest in the U.S.



By [Elizabeth M. Klarin](#)

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For years, Canadians and Canadian businesses have looked south for a variety of reasons. These include diversifying their business interests across multiple markets, growing above and beyond their domestic capabilities, and taking advantage of localized opportunities in the U.S. as, in some instances, the opportunities in the U.S. outstrip those available only in Canada. Canadians have also used U.S. expansion as a springboard to expansion elsewhere worldwide, such as in Europe, Central and South America, Asia, and Africa.

Businesses that had already expanded into the U.S. prior to the COVID-19 pandemic were often grateful that they had. Countries that closed down trade with other countries and domestic travel often suffered the most economically. However, with a diversity of states in the U.S. — some of which remained open for business more or less as usual during the pandemic — Canadian businesses with a U.S. presence were often able to survive in the face of prolonged business closures or economic challenges in Canada. Because the U.S. and Canada have entirely separate financial systems and economies, owners and operators can use the U.S. as a safety net when it comes to financial viability. Many of my clients have started U.S. businesses for this reason, only to find that, as their business progressed in the U.S., their U.S.-based revenues outstripped their Canadian revenues.

Businesses also expand into the U.S. to take advantage of local opportunities. Operating as a foreign business in the U.S. can cost more than operating a U.S. subsidiary or affiliated business. Likewise, it may be possible to gain additional work, such as government projects, if projects and companies can be viewed as “American.” Investing in a U.S. business can open up additional immigration/work authorization opportunities in the U.S. as well, for Canadian executives, managers, and specialized knowledge workers.

Lifestyle is another reason Canadians invest in the U.S. In general, Canadians are not permitted to live in the U.S. for more than six months per year without either a work authorization permitting them to do so or U.S. permanent residence. However, by investing in a U.S. business, Canadians can obtain a role that permits them to hold a visa or work-authorized status that allows them to live full-time, continuously in the U.S.

In other instances, Canadians decide to start their global expansion by launching in a country that uses the same language, has a similar culture, and is geographically accessible. Investing in creating a U.S. business allows them to learn the pitfalls of international expansion from a location where they can easily access their business to fix problems as they arise, limiting many of the risks inherent to expanding into a country with a vastly different culture and variant other factors. Once critical lessons have been learned, they are then better prepared to successfully establish operations elsewhere worldwide.

With a strong economy and consumer spending that has remained strong for decades, the U.S. offers many advantages to investors. Anyone seeking options for investing in the U.S. should consult with qualified professionals, such as cross-border tax and accounting, immigration, and business advisors, to determine their best options based on their goals, limitations, and circumstances.

If you or someone you know has questions pertaining to the aforementioned topics, please contact [Elizabeth M. Klarin \(eklarin@lippes.com\)](mailto:eklarin@lippes.com) of the Lippes Mathias [Immigration Practice Team](#).

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