

## Corporate Transparency Act — Beneficial Ownership Information Reporting Requirement

Starting January 1, 2024, many businesses are required to comply with the Corporate Transparency Act (CTA). The CTA requires companies to disclose their beneficial owner's information (BOI) to the Financial Crimes Enforcement Network (FinCen). Generally, beneficial owners are defined as the individuals who ultimately own directly or indirectly an "ownership interest" of at least 25% of the reporting company and those with "substantial control" over the company including senior officers, important decision makers, and those with the inability to appoint or remove any senior officers (such as the board of directors). The detailed CTA [regulations](#) define the terms "substantial control" and "ownership interest" further. BOI disclosures are filed electronically through the Financial Crimes Enforcement Network (FinCen) website at [www.fincen.gov/boi](http://www.fincen.gov/boi). The BOI disclosure aims to help US law enforcement reduce money laundering, terrorism and other illicit activities. While we will review a few key issues related to BOI disclosure, it is recommended that you seek counsel to analyze your specific facts and circumstances since this review is broad and meant for awareness purposes only.

### Who MUST report?

Domestic companies required to report include corporations, limited liability companies (LLCs) or any similar entities created by the filing of a document with a secretary of state or any similar office under the law of a state or Indian tribe. Foreign companies registered to do business in any state or tribal jurisdiction are also required to report.

### Who does not have to report?

Domestic entities that are not created by the filing of a document with a secretary of state or similar office are not required to report under the CTA. In total there are 23 types of entities that are exempt from the BOI disclosure. These entities include public companies, banks & credit unions, not for profit organizations and certain large operating entities. Large operating entities are defined as companies physically present in the US that employ over 20 people and reported tax return revenue of over \$5M.

### When must companies file?

BOI reports are accepted starting January 1, 2024. There are different filing timeframes depending on when an entity is registered or if there is a change to the beneficial owner's information. If your company was created or registered prior to January 1, 2024, you will have until January 1, 2025, to file your BOI report. New entities registered on or after January 1, 2024 but before January 1, 2025 must file within 90 calendar days. Companies registered on or after January 1, 2025 must report within 30 days. Also, any changes, updates or inaccuracies must be submitted within 30 days.

### What information will be collected?

FinCen reports contain company name, DBA, business address, state or Tribal jurisdiction of formation, and an IRS taxpayer identification number. The BOI will disclose the owners' names, birthdates, addresses, and unique identifying numbers with the submission of an official identification document such as a driver's license or passport.

### What is the risk of non-compliance?

Penalties for willfully not complying with the BOI reporting requirement can result in criminal and civil penalties of \$500 per day up to \$10,000 and up to two years of jail time.

### More questions?

For more information about the CTA and BOI please visit [www.fincen.gov/boi](http://www.fincen.gov/boi). Although this reporting requirement is managed by FinCen (and not a tax issue managed by the IRS), if asked, our Tax, Assurance and Advisory professionals at SYA are here to assist you with questions you may have regarding this new filing requirement.