

Corporate Transparency Act and BOI Reporting

Effective January 1, 2024, the Corporate Transparency Act (CTA) will require most business entities to file an initial report with the Financial Crimes Enforcement Network (FinCEN) to disclose the entity's beneficial owners.

Who does this pertain to?

This mandate affects LLCs, Partnerships, Corporations, Home Owners' Associations, and more. If you are a sole proprietorship (that has not formed an LLC) **you are not** required to participate in this registration.

What does the report consist of?

Each reporting company must submit a report to FinCEN identifying each beneficial owner of the reporting company and applicant with respect to the reporting company.

Who is a Beneficial Owner?

A beneficial owner is any individual who, directly or indirectly, either exercises substantial control over such reporting company or owns or controls at least 25% of the ownership interests of such reporting company.

What do you have to report?

The reporting company must provide its full legal name; trade name or "doing business as" (DBA) name; complete street address, and IRS taxpayer identification number.

Each beneficial owner's full legal name; date of birth; complete current address; and a unique identification number and issuing jurisdiction from a non-expired U.S. passport, state driver's license, other state, local, or tribal identification document, or foreign passport if nothing else is available (along with an image of the document).

Deadlines

For a reporting company created *before* January 1, 2024, an initial report must be filed **within one year, or January 1, 2025.**

Entities created during 2024 will have **90 days** to file their initial report.

Entities created on or after January 1, 2025 will have **30 days** to file their initial report.

Any changes to the reporting company or any of the beneficial owners must be reported **within 30 days** of the change.

Penalties

Civil penalties for not filing this information or fraudulent filings can be assessed. Current regulations provide for penalties of up to \$500 per day (\$10,000 maximum), up to two years imprisonment, or both.

While PTS cannot file these forms for you, please speak to your Tax Professional if you have questions.

For more information

<https://www.fincen.gov/boi-faqs>

Ready to File? Go to the FinCEN website (Financial Crimes Enforcement Network)

<https://www.fincen.gov/boi>

Alert

FinCEN has been notified of recent fraudulent attempts to solicit information from individuals and entities who may be subject to reporting requirements under the Corporate Transparency Act. The fraudulent correspondence may be titled "Important Compliance Notice" and asks the recipient to click on a URL or to scan a QR code. Those e-mails or letters are fraudulent. FinCEN does not send unsolicited requests. Please do not respond to these fraudulent messages, click on any links, or scan any QR codes within them.