

CORPORATE TRANSPARENCY ACT

NEW FEDERAL REPORTING REQUIREMENT FOR BENEFICIAL OWNER INFORMATION

Starting **January 1, 2024**, most small businesses will have to report information about their *beneficial owners* (individuals who own or control the business) to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.

■ DOES MY COMPANY NEED TO REPORT?

Companies required to report are called **reporting companies**. Reporting companies may have to obtain information from their beneficial owners and *company applicants* and then report that information to FinCEN.

Reporting Companies

Reporting companies include corporations, limited liability companies (LLCs), or other entities created or registered by filing a document with a secretary of state or similar state office.

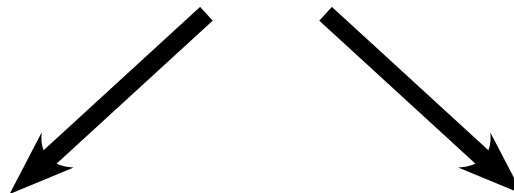
Exempt from Reporting

- Twenty-three types of entities, including publicly traded companies and nonprofits
- Certain large operating companies that have
 - more than 20 full-time employees,
 - more than \$5 million in annual gross receipts or sales, and
 - a physical operating presence in the United States.

■ WHO ARE MY COMPANY'S BENEFICIAL OWNERS?

Beneficial Owners

Any individual who exercises *substantial control* over a reporting company or owns or controls at least 25% of the *ownership interest* of a reporting company



Substantial Control

An individual has substantial control if

- they are a senior officer,
- they have authority to appoint or remove certain officers or a majority of directors,
- they are an important decision maker, or
- they have any other form of substantial control over the company.

Note for trusts: a trustee, beneficiary, or grantor, in certain circumstances, may exercise substantial control over a company.

Ownership Interest

An ownership interest includes one or more of the following:

- equity, stock, or voting rights
- a capital or profit interest
- convertible instruments
- options or other nonbinding privileges to buy or sell any of the foregoing
- any other instrument, contract, or other mechanism used to establish ownership

■ SHOULD MY COMPANY REPORT A COMPANY APPLICANT?

Company applicant information is only required for entities created or registered on or after January 1, 2024.

Company Applicant

1. The individual who filed the document that created or first registered the reporting company
2. The individual who was primarily responsible for directing or controlling the filing

■ WHAT INFORMATION SHOULD MY COMPANY REPORT?

Reporting Companies

1. Legal name
2. Trade name, if any
3. US address
4. Jurisdiction of formation
5. Tax ID number (TIN)

Beneficial Owners

1. Legal name
2. Date of birth
3. Residential address
4. Identifying number, jurisdiction, and image of
 - a. US passport
 - b. State driver's license
 - c. State-issued identification

Company Applicants

Same information as required for beneficial owners (the address can be a business address)

FinCEN will accept reports electronically beginning January 1, 2024, through its website www.fincen.gov/boi.

■ WHEN DOES MY COMPANY NEED TO REPORT?

Company Type	Date Created	Due Date
Existing	<i>Before</i> Jan 1, 2024	January 1, 2025
New	<i>During</i> 2024	90 days after entity creation
New	<i>After</i> 2024	30 days after entity creation
Changes, updates, and corrections to previously reported information		30 days after change or inaccuracy

■ PENALTIES FOR FAILURE TO REPORT

CIVIL Penalties

\$500 per day; \$10,000 maximum

CRIMINAL Penalties

Two years' imprisonment

Senior company officers may be held personally liable for penalties.

■ WHERE CAN I FIND MORE INFORMATION?

Additional informatin is available at www.fincen.gov/boi-faqs.