

CORPORATE TRANSPARENCY ACT (CTA) & BENEFICIAL OWNERSHIP INFORMATION (BOI)



BACKGROUND

FinCEN & BOI

- In an effort to combat financial crimes, Congress tasked the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN) with implementing reporting requirements for companies in the U.S.
- FinCEN implemented a Beneficial Ownership Information Rule (BOI) establishing a national beneficial ownership registry. Starting January 1, 2024, reporting companies must provide information on their beneficial owners to FinCEN.

WHAT ENTITIES MUST REPORT?

All foreign and domestic entities registered in the US via a Secretary of State filing, with the exemptions noted below.

BENEFICIAL OWNERS Own 25%+ interest OR exercise substantial control over the entity

INFORMATION TO REPORT

- Name
- DOB
- Residential Address
- Identification number from passport or U.S. driver's license of each beneficial owner (an image of the license will need to be uploaded)

DEADLINES

- Pre-existing entities must file by 1/1/2025
- New entities formed between January 1, 2024 and December 31, 2024 must file within 90 days
- Companies created after January 1, 2025 must file within 30 days

NOTE: If any changes occur, the company has 30 days to file an updated BOI report.

EXEMPTIONS

Criteria

Subsidiaries Exempted

Regulated Entities	Any company reporting under the SEC, governmental authorities, banks or credit unions, investment companies or advisors, venture capital fund advisors, insurance companies, accounting firms, public utilities, tax-exempt entities, entities assisting tax exempt entities (see	Yes
Large Operating Companies	<ul style="list-style-type: none">• Over 20 U.S. employees AND• \$5 million gross receipts or sales on prior year's tax return AND• Physical location in the U.S.	No, unless otherwise separately exempted
Inactive Entities	<ul style="list-style-type: none">• In existence for more than one year AND• Not engaged in active business AND• Not foreign-owned and no change of ownership in the last 12 months AND• Has not sent or received more than \$1,000 within the preceding 12-month period AND• Holds no assets of any type	No, unless otherwise separately exempted

METHOD e-file BOI reports directly on the FinCEN website: <https://boiefiling.fincen.gov/>

PENALTIES Civil penalty of \$500 per day and criminal penalties of up to \$10,000 and two years in prison

RESOURCES

www.fincen.gov/boi/small-business-resources

www.fincen.gov/boi-faqs