



SOLOMON | DWIGGINS  
FREER | STEADMAN <sup>LTD</sup>

TRUST AND ESTATE ATTORNEYS

# THE CORPORATE TRANSPARENCY ACT

**IMMEDIATE ACTION MAY BE REQUIRED**

## What is the Corporate Transparency Act?

The Corporate Transparency Act ("CTA") is a federal law that will affect many business entities beginning January 1, 2024.

Starting January 1, 2024, domestic and foreign business entities who are registered with any Secretary of State ("Reporting Company") may be required to report beneficial ownership information ("BOI") about the persons who own and/or control the business to the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN").

"The mission of the FinCEN is to safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence."\*

\*"Misson" Financial Crimes Enforcement Network <https://www.fincen.gov/about/mission>

December 15, 2023



### WHAT IS A REPORTING COMPANY?

A DOMESTIC OR FOREIGN  
ENTITY

LLCs, corporations, and other similar legal entities.

### EXEMPT ENTITIES

There are 23 types of entities that are exempt from reporting, such as banks, credit unions, tax-exempt entities registered with the IRS, and many larger entities (a "large entity" is defined by the CTA as a company (i) that employs more than 20 employees on a full-time basis, (ii) reported more than \$5 million or more in gross receipts on its federal income tax return or information return for the previous year, and (iii) has an operating presence at a physical office within the United States).

However, most small or single owner entities are not exempt from reporting.

**MORE INFORMATION ON WHETHER  
YOUR ENTITY IS SUBJECT TO  
REPORTING REQUIREMENTS UNDER  
THE CTA CAN BE FOUND AT FINCEN'S  
WEBSITE: FINCEN.GOV/BOI**

# What Information is Reported?

You will first need to identify the individual(s) who directly or indirectly (i) exercise substantial control (even if they do not have an ownership interest) over your Reporting Company\*, or (ii) own or control at least 25% of the ownership interests of your Reporting Company (collectively referred to as “Beneficial Owners”). In addition, a “company applicant,” as defined as any individual who directly files the document that creates the domestic Reporting Company or registers the foreign Reporting Company with any Secretary of State, and who directs or controls such filing if more than one individual is involved in the filing, is also required to report.

Once the foregoing information has been identified, you will need to report the following information to FinCEN on their website, [fincen.gov/bio](https://www.fincen.gov/bio) beginning January 1, 2024:

- Reporting Company Information: (1) legal name, (2) trade name, (3) business address, (4) jurisdiction information, and (5) US Internal Revenue Service taxpayer identification number.
- Beneficial Owners and Company Applicant Information: Required disclosures include: (1) legal name, (2) date of birth, (3) current address, and (4) an identification document with a photo and unique identifying number (e.g., driver’s license or passport).



## PENALTIES



Failure to report or false reporting may lead to civil or criminal penalties for the Reporting Company and/or for certain individuals associated with the Reporting Company, including:

- a civil penalty of up to \$500 for each day that the violation continues or has not been remedied; and
- a fine of up to \$10,000 and 2 years imprisonment.

## KEY DATES/DEADLINES

Existing Entities: Reporting Companies created or registered with the Secretary of State before January 1, 2024 must file their BOI report to FinCEN by January 1, 2025.

New Entities: Reporting Companies created or registered with any Secretary of State on or after January 1, 2024 must file their BOI report to FinCEN: (1) if created or registered in calendar year 2024, within 90 calendar days, or (2) if created or registered thereafter, within 30 calendar days.

Errors or changes on a filed BOI Report: If your report was filed with inaccurate information, or if information filed with your BOI Report changes, a corrected/updated report must be filed within 30 days upon becoming aware of or having reason to know of inaccurate information previously filed.

## We are Here to Help

Please contact our Firm at 702-853-5483 if you would like assistance with filing your BOI Report.

This publication outlines pertinent information of the CTA and is not an exhaustive communication encompassing the CTA and its BOI reporting requirements. These materials have been prepared for informational purposes only and are not legal advice. This information is not intended to create, and receipt of it does not constitute, an attorney-client relationship.

\* This can include Director(s), Manager(s), and/or other Officers