

The image shows the iconic dome of the United States Capitol building in Washington, D.C. The dome is a large, white, ribbed structure with a central lantern. An American flag is visible on a pole in front of the dome. The sky is a vibrant blue with scattered white clouds. A semi-transparent dark blue horizontal bar is overlaid across the middle of the image, containing the text 'THE CORPORATE TRANSPARENCY ACT' in white, bold, uppercase letters.

THE CORPORATE TRANSPARENCY ACT

INTRODUCTION

What is the
Corporate
Transparency Act
(CTA)?

What does the CTA
require?

AGENDA

- Reporting Companies
- Exemptions
- Information that must be reported
- Company Applicants
- Beneficial Owners
- Compliance timeline
- Filing the report
- Penalties
- On going litigation
- Practical guidance



REPORTING COMPANIES

Domestic Reporting Companies

- Corporations
- Limited Liability Companies
- Or any other entity created by filing a document with a secretary of state or any similar office

Foreign Reporting Companies

- An entity formed in a foreign country that has registered to do business in the United States by filing a document with a secretary of state or similar office



EXEMPTIONS

- Securities reporting issuer
- Governmental authority
- Bank
- Credit union
- Depository institution holding company
- Money services business
- Broker or dealer in securities
- Securities exchange or clearing agency
- Other Exchange Act registered entity
- Investment company or investment adviser
- Venture capital fund advisor
- Insurance company
- State-licensed insurance producer
- Commodity Exchange Act registered entity
- Accounting firm
- Public utility
- Financial market utility
- Pooled investment vehicle
- Tax-exempt entity
- Entity assisting a tax-exempt entity
- Large operating company
- Subsidiary of certain exempt entities
- Inactive entity

LARGE OPERATING COMPANY

- Employ more than 20 full time employees in the United States
- Have a physical office in the United States
- Reported more than \$5,000,000 in gross receipts or sales on a federal income tax or information return for the previous year in the United States
- Reported this greater-than-\$5,000,000 amount as gross receipts or sales (net of returns and allowances) on the entity's IRS Form 1120, consolidated IRS Form 1120, IRS Form 1120-S, IRS Form 1065, or other applicable IRS form
- When gross receipts or sales from sources outside the United States, as determined under Federal income tax principle, are excluded from the entity's amount of gross receipts or sales, the amount remains greater than \$5,000,000

INACTIVE ENTITY

- In existence on or before January 1, 2020
- Not engaged in active business
- The entity is not owned by a foreign person, whether directly or indirectly, wholly or partially
- No changes in ownership in the preceding twelve-month period
- Has not sent or received any funds greater than \$1,000 in the prior twelve-month period
- Does not otherwise hold any kind or type of assets, inside or outside the US, including an ownership interest in any corporation, LLC, or other similar entity

WHAT MUST BE REPORTED?

A Reporting Company must report information about

- Itself
- Its Beneficial Owners
- Its Company Applicants (if formed on or after January 1, 2024)

REPORTING COMPANIES MUST REPORT:



Full legal name



Any trade name, assumed name, or DBA's



Complete current street address of a Reporting Company's principal place of business



Jurisdiction of formation



Tax ID Number

BENEFICIAL OWNERS MUST REPORT



Full legal name



Date of birth



Residential street address



Unique identifying number, issuing jurisdiction, and image of an identification document

COMPANY APPLICANTS MUST REPORT*

- Full legal name
- Date of birth
- Residential street address, unless the company applicant forms or registers the entity in the course business, in which case report the company applicant's business street address
- Unique identifying number, issuing jurisdiction, and image of an identification document
- *Only required to report Company Applicant information if the Reporting Company is formed on or after January 1, 2024.

AN ALTERNATIVE APPROACH: FINCEN IDENTIFIERS

- Beneficial Owners and Company Applicants may obtain a special identification number, and that number may be disclosed instead of disclosing the information otherwise required.
- The FinCEN Identifier can be applied for online at <https://fincenid.fincen.gov/landing>
- The FinCEN Identifier application requires the Beneficial Owner or Company Applicant to report the same information they would otherwise be required to report.
- Once a Beneficial Owner or Company Applicant receives a FinCEN Identifier, the Reporting Company can report the number in place of the other required personal information

COMPANY APPLICANT(S)

Two kinds of company applicants:

- **Direct Filer:** The individual who directly filed the document that created a domestic reporting company, or the individual who directly filed the document that first registered a foreign reporting company.
- **Directs or controls the filing action:** The individual who was primarily responsible for directing or controlling the filing of the creation or first registration document.

BENEFICIAL OWNERS

A beneficial owner is any individual who, directly or indirectly, either:

- Exercises substantial control over a reporting company
- Owns or controls at least 25% of the ownership interests of the reporting company

SUBSTANTIAL CONTROL

An individual exercises substantial control over a reporting company if the individual does any of the following:

- Serves as a senior officer of the reporting company
- Has authority to appoint or remove:
 - Any senior officer
 - A majority of the reporting company's board of directors or similar body
- Directs, determines, or has substantial influence over **important decisions** made by the reporting company
- Has any other form of substantial control over the reporting company

WHAT ARE OWNERSHIP INTERESTS? PART I

Equity, Stock, or Voting Rights

- Any interest classified as stock or anything similar, regardless whether it confers voting power or voting rights, and even if the interest is transferable.

Capital or Profit Interest

- Any interest in the assets or profits of a company organized as an LLC, which is similar to stock in a corporation and sometimes referred to as a “Unit”.

WHAT ARE OWNERSHIP INTERESTS? PART II

Convertible Instruments

- Any instrument convertible into equity, stock, or voting rights or capital or profit interest, whether or not anything needs to be paid to exercise the conversion.

Option or Privilege

- Any put, call, straddle, or other option or privilege of buying or selling equity, stock, or voting rights, capital or profit interest, or convertible instruments.

WHAT ARE OWNERSHIP INTERESTS? PART III

Catch-All

- Any other instrument, contract, arrangement, understanding, relationship, or mechanism used to establish ownership

WHAT ARE OWNERSHIP INTERESTS? PART IV

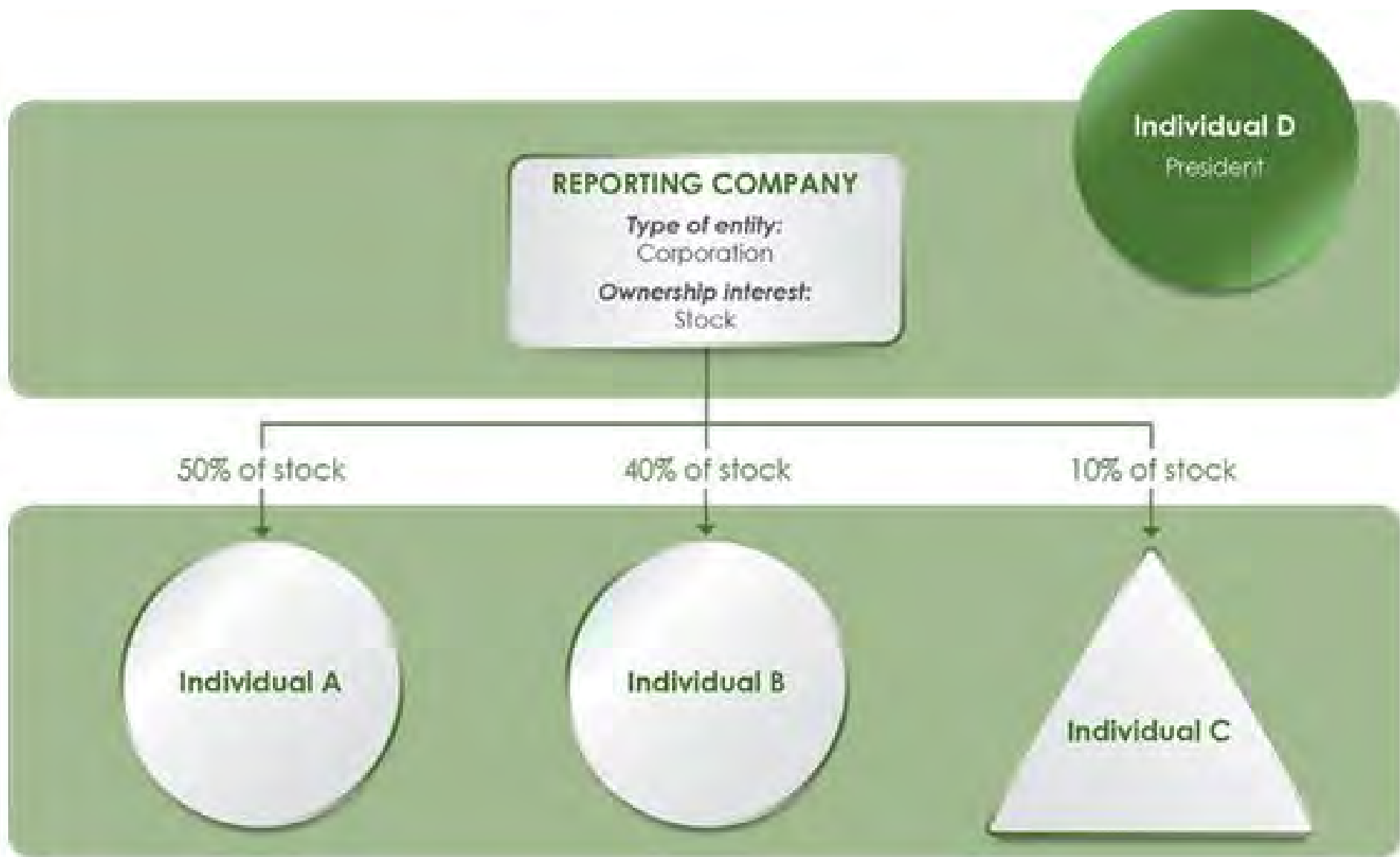
- Individuals may directly or indirectly own or control ownership interests. Individuals can own or control ownership interests through contracts, arrangements, understandings, relationships, or otherwise.

WHAT ARE OWNERSHIP INTERESTS? PART V

If an ownership interest in a reporting company is held through a trust, the following individuals are deemed to have an ownership interest in the reporting company*:

- A trustee of the trust or any other individual having authority to dispose of trust assets.
- A beneficiary who either:
 - Is the sole permissible recipient of the trust's income and principal.
 - Has the right to demand a distribution of or withdraw substantially all of the trust's assets.
- A grantor or settlor having the right to revoke the trust or otherwise withdraw trust assets.

*Nonexhaustive list



**INDIVIDUAL
A**

**INDIVIDUAL
B**

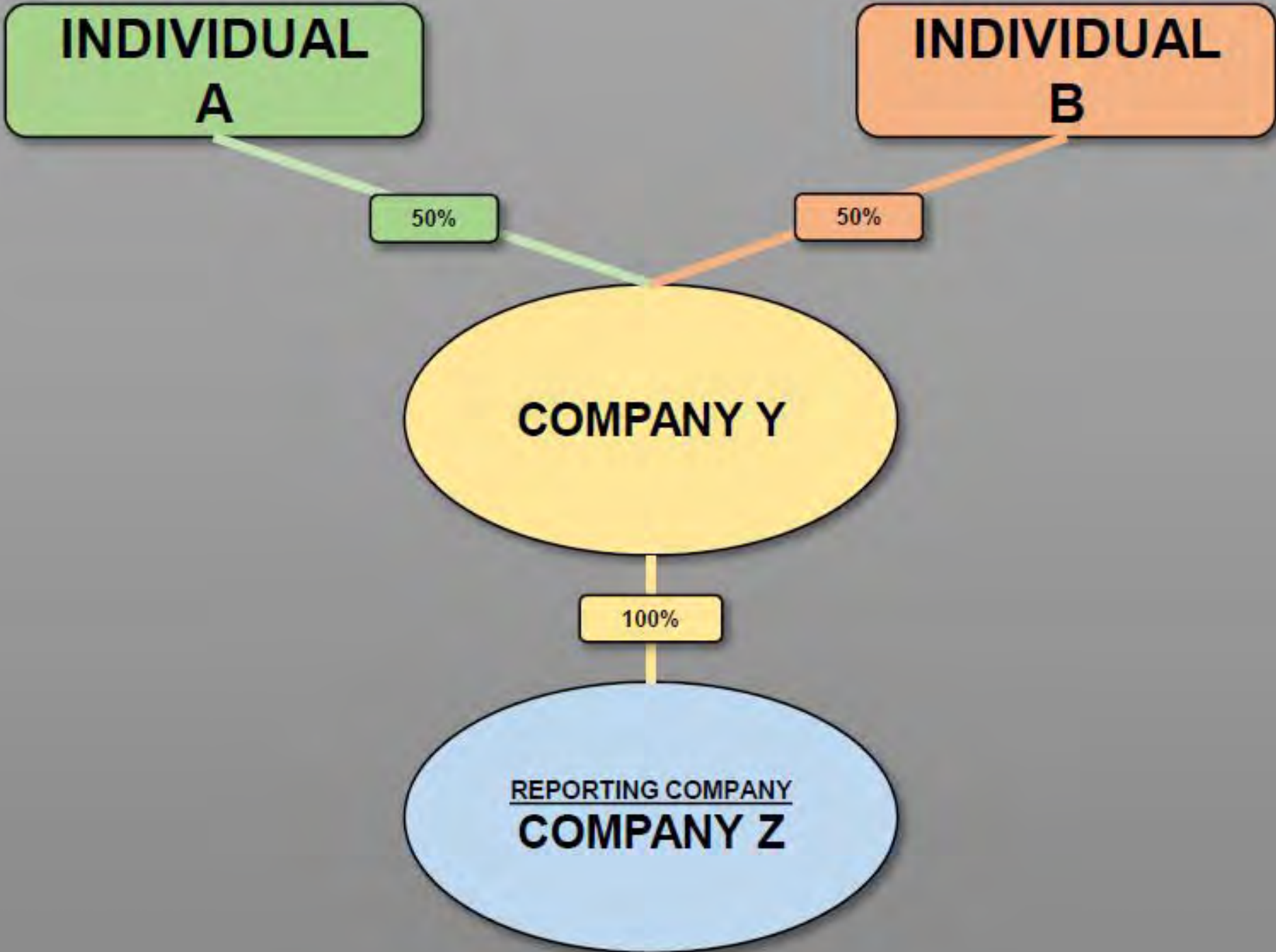
50%

50%

COMPANY Y

100%

REPORTING COMPANY
COMPANY Z





INDIVIDUALS EXEMPT AS BENEFICIAL OWNERS

Five categories of individuals are exempt from the beneficial owner definition:

- Minor children.
- Individuals acting as a nominee, intermediary, custodian, or agent on another's behalf.
- Certain employees who are not senior officers.
- Heirs.
- Certain creditors of a reporting company.



COMPLIANCE TIMELINE

Entity created or registered before January 1, 2024

- January 1, 2025

Entity created or registered on or after January 1, 2024, and before January 1, 2025

- 90 calendar days after receiving actual or public notice that the entity has been created or registered

Entity created or registered on or after January 1, 2025

- 30 calendar days after receiving actual or public notice that the entity has been created or registered



UPDATING AND CORRECTING REPORTS

Updated Report

- If there is any change to the required information about your company or its beneficial owners in a report that your company filed, your company must file an updated BOI Report no later than 30 days after the date on which the change occurred.

Corrected Report

- If an inaccuracy is identified in a BOI Report that your company filed, your company must correct it no later than 30 days after the date your company became aware of the inaccuracy or had reason to know of it.

Company Applicant

- A reporting company is not required to file an updated report for any changes to previously reported personal information about a company applicant.



COMPLYING WITH THE CTA

To comply with the CTA, a reporting company must be able to:

- Determine the individuals who are its beneficial owners and company applicants, if applicable.
- Timely obtain the required personal information of its beneficial owners and file the report
- Be promptly notified of any change in its beneficial owners' required personal information so the company can timely report the change to FinCEN

FILING THE REPORT



The report can be filed, updated, and corrected online

- <https://boiefiling.fincen.gov/boir/html>



Small Business Resources

Reference Materials

BOI Newsroom

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Beneficial Ownership Questions? [Contact FinCEN](#)

BOI BENEFICIAL OWNERSHIP INFORMATION

Many companies are required to report information to FinCEN about the individuals who ultimately own or control them. FinCEN began accepting reports on January 1, 2024. [Learn more about reporting deadlines.](#)

Prepare

- [How do I file?](#)
- [Do I qualify for an exemption?](#)
- [How do I get a FinCEN ID?](#)

File

- [File a report using the BOI E-Filing System](#)
- [Create a FinCEN ID \(optional\)](#)

[FAQ](#) Need More Information? View our FAQ page.

[Chat](#) Need More Information? Chat With Us Here.

[Email](#) Stay Informed. Subscribe to FinCEN Updates.

- Alert:** FinCEN has issued five Notices extending the filing deadlines to submit BOI reports for certain reporting companies in response to Hurricane Milton, Hurricane Helene, Hurricane Debby, Hurricane Beryl, and Hurricane Francine.
- Alert:** FinCEN has learned of fraudulent attempts to solicit information from individuals and entities who may be subject to reporting requirements under the Corporate Transparency Act.
- Alert:** Notice Regarding National Small Business United v. Yellen, No. 5:22-cv-01448 (N.D. Ala.)



FINANCIAL CRIMES ENFORCEMENT NETWORK

[BOI E-FILING](#)

[FILE BOIR](#)

[HELP](#)

NOTICE: Site Maintenance: BOI E-Filing System site will be unavailable for scheduled maintenance on December 5th, from 8:00 PM - 9:00 PM EST.

Welcome to the BOI E-Filing System

The BOI E-Filing System supports the electronic filing of the Beneficial Ownership Information Report (BOIR) under the Corporate Transparency Act (CTA). The CTA requires certain types of U.S. and foreign entities to report beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.



Beneficial Ownership Information (BOI) Reporting

Need to file a BOIR? Click here!

[GET STARTED](#)



Bank Secrecy Act (BSA) Reporting

Need to file another type of BSA report? Click here!

[BSA E-FILING](#)

News & Announcements

Jan 04 2024

Need assistance? Go to the Help section in the blue banner to find filing instructions and other guidance materials.



File BOIR

Need to file a BOIR?
Click here!



Help

Looking for more
information? Click here



NOTICE: Site Maintenance: BOI E-Filing System site will be unavailable for scheduled maintenance on December 5th, from 8:00 PM - 9:00 PM EST.

File the Beneficial Ownership Information Report (BOIR)


Select the filing method that works best for you:



File PDF BOIR

- Adobe Reader is required
- Prepare report offline at your own pace, save as you go
- Reuse PDF BOIR when filing updates/corrections
- Download BOIR transcript upon submission

[Prepare BOIR](#) [Submit BOIR](#)



File Online BOIR

- Adobe Reader NOT required
- Prepare report online and submit now
- Prepare new Online BOIR when filing updates/corrections
- Download BOIR transcript upon submission

[Prepare & Submit BOIR](#)

FinCEN also offers system-to-system BOIR transmission via secure Application Programming Interface (API) for those, including third-party service providers, who are interested in automating the BOIR filing process:



FINANCIAL CRIMES ENFORCEMENT NETWORK

[BOI E-FILING](#) | [FILE BOIR](#) | [HELP](#)

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Beneficial Ownership Information Report (BOIR)

OMB No. 1506-0076

Complete the report in its entirety with all required information. Fields marked with an asterisk (*) symbol are the fields that, *at a minimum*, must be completed by all companies to file the report. Reporting companies, however, must include all information 31 CFR 1010.380(b) requires them to provide, regardless of whether a field is marked with an asterisk (*) symbol. These information requirements are summarized above under HELP.

Filing Information

Reporting Company

Company Applicant(s)

Beneficial Owner(s)

Submit

Filing Information

Need help? ▼

*1. Type of filing:

- a. Initial report
- b. Correct prior report
- c. Update prior report
- d. Newly exempt entity

Previous

Next



WHO CAN ACCESS BENEFICIAL OWNERSHIP INFORMATION

- Federal agencies engaged in national security, intelligence, or law enforcement activity if the requested BOI is for use in furtherance of such activity
- State, local, and Tribal law enforcement agencies if “a court of competent jurisdiction” has authorized the law enforcement agency to seek the information in a criminal or civil investigation
- Foreign requesters in certain instances
- Financial institutions using BOI to facilitate compliance with customer due diligence requirements under applicable law
- Federal functional regulators and other appropriate regulatory agencies acting in a supervisory capacity assessing financial institutions for compliance with customer due diligence requirements
- Certain Department of Treasury personnel

PENALTIES

Willful violation

- \$591.00 per day the violation continues
- Criminal penalties of up to two years imprisonment and a fine of up to \$10,000.



ON GOING LITIGATION

PRACTICAL CONSIDERATIONS AND TAKEAWAYS

- Reference the Small Entity Compliance Guide
 - <https://fincen.gov/boi/small-entity-compliance-guide>
- Reference the Frequently Asked Question page
 - <https://fincen.gov/boi-faqs>
- Use FinCEN Identifiers
- Consider collecting the required information before forming an entity
- Consider amending governing documents to require compliance
- Make clear that it is the client's responsibility to keep all information reported to FinCEN accurate and up to date.
- The rules and guidance will likely change
- When in doubt, report

QUESTIONS?



GENERAL DISCLAIMER

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