



WARNING THIS APPLIES TO ALL LLCs, CORPORATIONS, PARTNERSHIPS AND SOME TRUSTS

This is not intended as legal advice. You should seek advice from your attorney as to the applicability of these provisions to your organization(s)

Corporate Transparency Act — Beneficial Ownership Information Reporting Requirement (BOI)

Who does this apply to:

- All LLCs (sole member and multiple member)
- All Corporations, S and C
- Any entity that requires filing with the Secretary of State to create.

Applicable Implementation/Update Dates:

- Entities owned as of January 1, 2024 – due date to register is 1/1/25.
- New Entities created after 12/1/23 but before 12/31/24 – 90 days from creation of entity.
- New entities created after 12/31/24 – 30 days from creation of entity.
- Ongoing changes to previously reported information or corrections – must file an update within 30 days of change. This includes items like changes to your mailing address.

Risk of non-compliance:

Penalties for willfully not complying with the BOI reporting requirement can result in criminal and civil penalties of \$500 per day and up to \$10,000 with up to two years of jail time.

For more information about the CTA and the BOI FAQ, visit [FinCEN.gov/boi-faqs](https://fincen.gov/boi-faqs).

Why?

Starting January 1, 2024, a significant number of businesses will be required to comply with the Corporate Transparency Act (CTA). The CTA was enacted into law as part of the National Defense Act for Fiscal Year 2021. The CTA requires the disclosure of the beneficial ownership information (otherwise known as "BOI") of certain entities from people who own or control a company. The intent of the BOI reporting requirement is to help US law enforcement combat money laundering, the financing of terrorism and other illicit activity.

Can Hendrick & Kellison, LLC help us with this?

The CTA is not a part of the tax code. Instead, it is a part of the Bank Secrecy Act, a set of federal laws that require record-keeping and report filing on certain types of financial transactions. Under the CTA, BOI reports will not be filed with the IRS, but with the Financial Crimes Enforcement Network (FinCEN), another agency of the Department of Treasury

We are unable to help you with BOI reporting as our malpractice insurance and the AICPA consider this a legal obligation and determining beneficial ownership as a legal activity. By helping you complete this report, we would be practicing law, which we are not licensed to do. You should contact your business attorney if you need assistance.

Are there any exemptions from the filing requirements?

There are 23 categories of exemptions, which includes publicly traded companies, banks & credit unions, securities brokers/dealers, public accounting firms, tax-exempt entities, and certain inactive entities, among others. Please note these are not blanket exemptions and many of these entities are already heavily regulated by the government and thus already disclose their BOI to a government authority.

In addition, certain “large operating entities” are exempt from filing. To qualify for this exemption, the company must:

- a) Employ more than 20 people in the U.S.;
- b) Have reported gross revenue (or sales) of over \$5M on the prior year’s tax return; **and**
- c) Be physically present in the U.S.

If you think you may be exempt, you should carefully examine the Small Entity Compliance Guide linked to from the FAQ, above, or consult with your attorney.

Who is a beneficial owner?

Any individual who, directly or indirectly, either:

- Exercises “substantial control” over a reporting company, or
- Owns or controls at least 25 percent of the ownership interests of a reporting company

An individual has substantial control of a reporting company if they direct, determine or exercise substantial influence over important decisions of the reporting company. This includes any senior officers of the reporting company, regardless of formal title or if they have no ownership interest in the reporting company.

An attorney may be required to determine who the beneficial owners of a company are.

What sort of information is required to be reported?

Companies must report the following information: full name of the reporting company, any trade name or doing business as (DBA) names, business address, state or Tribal jurisdiction of formation, and an IRS taxpayer identification number (TIN).

Additionally, information on the beneficial owners of the entity and for newly created entities, the company applicants of the entity is required. This information includes — name, birthdate, address, and unique identifying number and issuing jurisdiction from an acceptable identification document (e.g., a driver’s license or passport) and an image of such document.

What should we do?

If you have more than one entity that you are a beneficial owner for, we suggest obtaining a FinCIN ID for yourself. You can use this number on your BOI reports and if you later have to update your ID information (drivers license expires etc.) you will only have to login to the [FinCIN ID](#) for Individuals and by changing the information here, it will automatically update all the entities that you are a beneficial owner for.

If you are comfortable filing your BOI report, the starting point for filing is found at boiefiling.fincen.gov. If you have any questions on what constitutes beneficial ownership or company control, you should contact an attorney with experience in this area.