

Corporate Transparency Act

What you need to know

Businesses and their owners are now obligated to disclose personal identifying information to FinCEN due to a new federal reporting requirement, with some exceptions

Effective January 1, 2024, many companies in the United States must report information about their beneficial owners—the individuals who ultimately own or control the company—to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury. Filing is simple, secure, and free of charge. Beneficial ownership information reporting is not an annual requirement. Unless a company needs to update or correct information, a report only needs to be submitted once.

What is the purpose of the act? The Act was passed as part of the U.S. government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.

Who has to report? Your company may need to report information about its beneficial owners if it is a corporation, a limited liability company (LLC) or was otherwise created in the United States by filing a document with a secretary of state or any similar office under the law of a state or Indian tribe, or if it is a foreign company and was registered to do business in any U.S. state or Indian tribe by such a filing.

Who does not have to report? Twenty-three types of entities are exempt from beneficial ownership information reporting requirements, including publicly traded companies, nonprofits, and certain large operating companies. FinCEN's small entity compliance guide includes checklists for each of the 23 exemptions that may help determine whether your company qualifies for an exemption. Please review Chapter 1.2 of the guide for more information.

When do I report?

- Companies created prior to January 1, 2024 will have until January 1, 2025 to report.
- Companies created or registered on or after January 1, 2024, and before January 1, 2025 must file an initial report within 90 days of entity formation.
- Any updates or corrections to the initial report must be submitted within 30 days.

How do I report? Reporting companies report beneficial ownership information electronically through FinCEN's website: www.fincen.gov/boi. The system provides a confirmation of receipt once a completed report is filed with FinCEN.

What happens if I do not report? A person who willfully violates the BOI reporting requirements may be subject to civil penalties of up to \$500 dollars for each day that the violation continues. That person may also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000.

Instructions for filing. Filing the initial report as well as all filing updates and corrections are the entity's responsibility. Please follow the link below "LINK TO REPORT" and once you are on the webpage, click "PREPARE AND SUBMIT BOIR." Reporting generally takes under one hour. For any questions during the application process, please refer to the additional links included below.

- [Link To Report](#)
- [Step-By-Step Instructions](#)
- [Informational Brochure](#)
- [Small Entity Compliance Guide](#)
- [Frequently Asked Questions](#)

Corporate Transparency Act engagements. Unless the "Scope of Representation" section in an executed engagement letter with Messner

Reeves, LLP specifically includes our agreement to undertake the preparation and/or filing of necessary Beneficial Owner Information Reports required under the federal Corporate Transparency Act (“CTA”), we do not undertake responsibility for any CTA filing obligations and the same are specifically excluded from the scope of our representation. If our representation includes CTA filing obligations, you hereby acknowledge that we will rely on the accuracy and completeness of the information provided to us in order to complete the required CTA filings and will not undertake to confirm the accuracy or completeness of the information provided. We do not undertake any obligation to correct any CTA filing or make future filings, except as specifically set forth in a separate engagement letter. The ACT imposes penalties for failure to file, incorrect filings, and fraudulent filings. See, www.fincen.gov/boi for more information.