

Important Update: Corporate Transparency Act (CTA) Requirements for Beneficial Ownership Reporting

Dear Clients,

We're reaching out to inform you about a new requirement under the Corporate Transparency Act (CTA) that may impact your business.

Starting January 1, 2024, many U.S. companies are required to report information about their beneficial owners to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Treasury Department.

Who Needs to Report?

A "reporting company" under the CTA includes most U.S.-based corporations, limited liability companies (LLCs), partnerships, and other entities created by filing with a state's Secretary of State. While certain companies may be exempt from this requirement, most small businesses will need to submit a Beneficial Ownership Information (BOI) filing. You can find more about exemptions on FinCEN's website: [BOI Exemptions](#). We recommend determining whether your business is required to file.

Who Qualifies as a Beneficial Owner?

Beneficial owners typically include:

1. Individuals who directly or indirectly own or control at least 25% of the reporting company's ownership.
2. Individuals who exercise substantial control over the reporting company.

Due to potential penalties, we advise consulting legal counsel to clarify your company's obligations under the CTA.

What Information Needs to Be Reported?

Required information for each beneficial owner includes:

- Full legal name
- Date of birth
- Street address
- Unique ID number (such as from an unexpired U.S. passport, state driver's license, or other government-issued ID).

Filing Deadlines

BOI reporting is a one-time requirement, with updates as needed. Deadlines are as follows:

- **Existing Companies:** Those created or registered before January 1, 2024, have until January 1, 2025, to file.
- **New Companies in 2024:** Must file within 90 days of effective creation or registration.
- **New Companies after January 1, 2025:** Must file within 30 days of effective creation or registration.
- **Updating Information:** Corrections or updates to previously filed BOI information must be submitted within 30 days.

What Are the Penalties for Non-Compliance?

Willful violations of BOI reporting requirements may result in civil penalties of up to \$591 per day and criminal penalties, including up to two years in prison and a fine of up to \$10,000.

How to File

BOI reports must be filed electronically through FinCEN's [e-filing portal](#), which offers two methods:

1. Online form submission.
2. PDF upload of a completed BOI report.

Additional resources, including FinCEN's Small Entity Compliance Guide, are available [here](#).

How We Can Help

At Freireich L.L.C., we're available to assist with this mandatory filing. We can help assess whether your business qualifies as a reporting company, coordinate with your accountants and prepare and submit your filing.

Please feel free to reach out with any questions or to discuss how we can assist you in meeting these requirements.