**We are publishing this Special Edition Newsletter to alert our clients who own legal entities to a new compliance requirement of the Financial Crimes Enforcement Network under the Corporate Transparency Act. The filing does not require the payment of tax; however, penalties may apply for noncompliance.**

Beginning on January 1, 2024, many companies in the United States will have to register information about their beneficial owners (i.e., the individuals who ultimately own or control the company). They will have to register the information with the Financial Crimes Enforcement Network (FinCEN), which is a bureau of the Treasury Department, through an electronic filing system. In general, an entity that exists before January 1, 2024, will not be required to file its initial report until January 1, 2025. The report will typically be a one-time filing, unless there are changes in beneficial ownership information. We do not provide legal advice. As this requirement relates to the formation and structure of legal entities, we recommend that you consult your attorney regarding your filing obligations. For your convenience, below is general information about the filing requirements.

## Reporting Entities

Generally, any corporation, limited liability company, or any other entity that is created by filing a document with a secretary of state or similar oﬃce under state or tribal laws, or is formed under foreign law and registered to do business in the United States by filing a document with a secretary of state or similar oﬃce under state or

tribal laws, is a reporting company that must disclose information regarding its beneficial owners and its company applicants to FinCEN under the Corporate Transparency Act.

There are a number of exceptions that will exempt a company from the beneficial owner filing requirements. Some of the most common exceptions include:

* large operating company (all three criteria must apply)
  + companies that employ more than 20 full-time employees in the United States,
  + reported more than $5 million in gross receipts or sales in the aggregate on their previous year’s federal tax or information return and
  + have an operating presence at a physical oﬃce in the United States;
* investment companies
* tax-exempt organizations

A more comprehensive list of exemptions can be found at <https://www.fincen.gov/boi>.

## Information To Be Reported

A reporting company must disclose the identity and certain other information of each beneficial owner of the company and each company applicant. A beneficial owner is an individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, either:

1. exercises substantial control over the reporting company; or
2. owns or controls at least 25 percent of the ownership interests of the reporting company.

However, beneficial owners do not include minor children; nominees, intermediaries, custodians, or agents; employees; inheritors, or creditors.

A company applicant is the individual who files the document with a secretary of state or any similar oﬃce under state or Indian tribe law that (1) creates the domestic reporting company, or (2) registers the foreign reporting company to do business in the United States. Further, the individual who is primarily responsible for directing or controlling that filing by another individual is also a company applicant.

Reporting companies created or registered before January 1, 2024, are not required to identify and report on their company applicants. The reporting company must also report certain information about itself. A complete list of information required to be reported about the company, its beneficial owners, and its company applicants can be found at <https://www.fincen.gov/boi>.

## How To File

## Registrations must be filed electronically via the FinCEN website at <https://www.fincen.gov/boi>.

## Due Dates for Filing

The due date for the initial registration with FinCEN depends on when the company was created.

* Domestic reporting companies created before January 1, 2024, and foreign reporting companies registered before January 1, 2024, must file their initial report with FinCEN no later than January 1, 2025.
* Domestic reporting companies created on or after January 1, 2024, and before January 1, 2025, must file its initial report within 90 calendar days of the earlier of the date when (1) it receives actual notice that its creation is effective or (2) a secretary of state or similar oﬃce first provides public notice that the company has been created.
* Foreign reporting companies created on or after January 1, 2024, and before January 1, 2025, must file its initial report within 90 calendar days of the earlier of the date when (1) it receives actual notice that it is registered to do business or (2) a secretary of state or similar oﬃce first provides public notice that the company has been registered to do business.
* Entities created or registered on or after January 1, 2025, have 30 calendar days to file their initial reports.

A reporting company must file an updated report within 30 calendar days after any change occurs to previously submitted information concerning the company or its beneficial owners.

A reporting company must also correct any inaccurate information in previously filed reports within 30 days after the company becomes aware or has reason to know of the inaccuracy. Similarly, an entity that is exempt from reporting must file a report within 30 calendar days after it no longer meets the exemption criteria. An entity that becomes newly exempt should file an updated report stating that it is exempt. The updated report will require only that the entity identify itself and check a box indicating its exempt status.

## Civil and criminal penalties may apply to those who do not comply with the reporting requirements. In relation to these filings, beware of fraudulent attempts to solicit confidential information.

## Additional information can be found at <https://www.fincen.gov/boi>. Consult your attorney to learn how these rules apply to your legal entity.