

Congress recently enacted the Corporate Transparency Act (the “CTA”) requiring businesses to report certain information (“BOI”) about the company, its Beneficial Owners, and the company applicant(s) (the “BOI Report”) to make it harder for business owners to use companies to hide criminal activity. Reporting started on January 1, 2024.

REPORTING COMPANY

A Reporting Company is any:

1. Domestic Business: A corporation, limited liability company, or any other entity created in the United States by filing a document with the Secretary of State or similar office under the law of a state or Indian tribe.
2. Foreign Business: Any foreign company that is registered to do business in the United States or Indian tribe by filing a document with the Secretary of State or similar office under the law of a state or Indian tribe.

There are 23 types of entities exempt from the reporting requirement including accounting firms, tax-exempt entities, large operating companies, subsidiaries of certain exempt entities, and inactive entities, among others.

BENEFICIAL OWNERS

A Reporting Company must report BOI on any Beneficial Owner that:

1. Either directly or indirectly exercises substantial control over the Reporting Company, or
2. Owns at least 25% of the Reporting Company’s ownership interest.

COMPANY APPLICANTS

A Company Applicant is the individual(s) who directly files the articles forming or registering the Reporting Company.

INFORMATION A REPORTING COMPANY NEEDS TO INCLUDE IN THE REPORT

A Reporting Company must provide the following information about each of the following:

1. Company:
 - a. the legal name and any trade name or DBA,
 - b. Current street address of its principal place of business,
 - c. Jurisdiction in which it was formed or first registered (if foreign),
 - d. Its tax identification number (the FEIN), and
 - e. Indicate the filing is an initial report, correction, or an update of a prior report.
2. Beneficial Owners:
 - a. Legal name,
 - b. Birth date,
 - c. Address (in most cases, a home address),
 - d. The ID number from a driver's license, passport, or other approved identification document. You will also be required to provide an image of the document the ID number comes from for each Beneficial Owner.
3. Company Applicants:
 - a. Legal name,
 - b. Birth date,
 - c. Address (the business address if completed by an attorney or accountant),
 - d. The ID number from a driver's license, passport, or other approved identification document. You will also be required to provide an image of the document the ID number comes from for each Company Applicant.

If the Reporting Company was created before January 1, 2024, then you do not need to provide information about the Company Applicant. Any entity created on or after January 1, 2024, must provide the above information about the Company Applicant.

WHEN AND HOW TO REPORT

If your company was created before January 1, 2024, your reporting deadline is – **January 1, 2025**

If your company was created on or after January 1, 2024, and before January 1, 2025, you must file **within 90 days after registration is effective**.

If your company is filed on or after January 1, 2025, you must file **within 30 days after registration is effective**.

You do not need to file the report annually. However, you must amend the BOI Report if there is incorrect information within the required amendment deadline or update the BOI Report if there are any changes to the information provided within the deadline timeframe.

BOI Reports will be filed electronically through a secured filing system on FinCEN's website at: <https://www.fincen.gov/boi>.

REPERCUSSIONS FOR FAILING TO REPORT, CORRECT, OR UPDATE REPORTS

Willful failure to report, correct, or update may result in criminal penalties including imprisonment for up to 2 years and a fine of up to \$10,000, or civil penalties including up to \$500 per day the violation continues.

Please do not hesitate to contact Megan Farley at mfarley@asklawnc.com or Andrew Wright at awright@asklawnc.com if you have any questions regarding your reporting requirements.