

Corporate Transparency Act *Beneficial Ownership Reporting Requirement*

The Corporate Transparency Act (CTA) is a new law, effective January 1, 2024, that requires certain companies – including most small businesses – to provide information regarding beneficial ownership and control. The CTA is part of the Bank Secrecy Act, which is a set of federal laws that require record-keeping and reporting on certain types of financial transactions. **The CTA requires disclosure of the beneficial ownership information (BOI) of certain entities from individuals who own or control a company.** The intent of the BOI reporting is to help U.S. law enforcement combat money laundering, the financing of terrorism, and other illicit activity.

Reporting companies include entities that have filed formation or registration documents with a U.S. state (including corporations and limited liability companies) unless they meet certain exemptions. The exemptions specified in the CTA largely relate to entities or industries that are already subject to governmental oversight. Beneficial owners generally include individuals who directly or indirectly own or control at least 25% of the ownership interests of a reporting company or exert “substantial control” by making important decisions on behalf of the entity. BOI reports will be filed with the Financial Crimes Enforcement Network (FinCEN). **Failure to comply with the reporting requirements may result in civil and/or criminal penalties.** In fact, the civil penalties increased from \$500 to \$591 per day effective January 25, less than a month after the law went into effect. Accordingly, it is important that you understand your reporting responsibilities and take the necessary steps to comply.

Reporting companies formed prior to January 1, 2024, will have until **December 31, 2024**, to file the initial BOI report. However, companies formed after January 1, 2024, must report **within 90 days of the date of formation**. There is not an annual reporting requirement; however, any change in previously reported information must be reported **within 30 days of the change** becoming known. Required information includes the name, date of birth, and home address of each beneficial owner, along with a copy of an acceptable identification document (e.g., driver’s license or passport).

Please note that the CTA falls within Title 31 (Money and Finance) of the United States Code, distinct from Title 26 (Internal Revenue Code). Regulatory authority currently permits accountants limited authority to interpret tax law exclusively under Title 26. The extent of their authority to interpret Title 31 remains unclear. Consequently, services a CPA provides in connection with the CTA may be deemed the unlicensed practice of law. Accordingly, assisting with BOI reporting matters is outside the scope of services JTaylor can provide. We advise that you consult with qualified legal counsel if you need assistance understanding your filing requirements.

Please be aware that FinCEN will not send unsolicited requests. The agency has been made aware of fraudulent attempts to solicit information through email or letters with embedded links or QR codes. Contact FinCEN directly if you have any questions regarding BOI reporting.

A [summary](#) of the reporting requirements of the CTA can be found on our website. Additionally, the FinCEN website has resources, including [FAQs](#) and a [Small Entity Compliance Guide](#), that can help you understand your reporting obligations. If you have questions or need assistance finding resources, please contact one of the following members of our team:

- Marc Geisler, CPA – 817.502.7722 / mgeisler@jtaylor.com
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