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What is the Corporate Transparency Act and how does it affect me?

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Effective January 1, 2024, “Reporting Companies” (as defined below) will be required to report certain information to the Financial Crimes Enforcement Network (“FinCEN”) as mandated by the Corporate Transparency Act unless the company qualifies under one of the twenty three exemptions which can be found on FinCEN’s Frequently Asked Questions located at <https://www.fincen.gov/boi-faqs>.

Who are Reporting Companies?

“Reporting Companies” include corporations, limited liability companies, and other similar entities that are created by the filing of a document with a secretary of state or similar office under the law of a state Indian as well as or foreign companies registered to do business in the United States by the filing of a document with a secretary of state or similar office under the law of a state Indian Tribe.

Who are Beneficial Owners?

“Beneficial Owners” include individuals who either directly or indirectly (1) exercise substantial control over the Reporting Company; or (2) own or control at least 25% of the Reporting Company’s ownership interests.

Individuals exercising “substantial control” include the following:

- ❖ Senior Officers (President; Chief Financial Officer; General Counsel; Chief Executive Officer; Chief Operating Officer; or any other officer performing a similar function) of the Reporting Company.

- ❖ Individuals with authority to appoint or remove Senior Officers or a majority of Directors (or similar body) of the Reporting Company.
- ❖ Important decision-makers of the Reporting Company.
- ❖ Individuals with any other form of substantial control of the Reporting Company.

What information is required to be reported?

Reporting Company information required to be reported includes legal name; any trade names (e.g. “doing business as” or “trading as”); current street address for principal place of business in the United States; its jurisdiction of formation or registration; and its taxpayer identification number. A copy of the identification document must be uploaded to the FinCEN website.

Beneficial Owner information required to be reported includes a Beneficial Owner’s name; date of birth; residential address; and an identifying number from an acceptable identification document.

When do I have to report?

Existing Reporting Companies created or registered to do business before January 1, 2024 have until January 1, 2025 to file its initial Beneficial Owner Information report.

New Reporting Companies created or registered to do business after January 1, 2024 have thirty days from the time the company receives actual notice of its formation or registration, or after a secretary of state or similar office first provides public notice of its creation or registration, whichever is earlier, to file its initial Beneficial Owner Information report.

If there are any changes to Reporting Company information or Beneficial Owner Information, the Reporting Company must file an updated report no later than thirty days after the date of change.

Where do I report?

Information must be reported through FinCEN’s website - <https://www.fincen.gov/boi>.

What if I don’t report?

Willful failure to report information to FinCEN, or an attempt to provide false or fraudulent information, may carry civil and criminal penalties, including civil penalties of up to \$500 for each day while the violation continues; or criminal penalties including imprisonment for up to two years; and/or a fine of up to \$10,000.

For additional information, visit FinCEN's website - <https://www.fincen.gov>.

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