



The Corporate Transparency Act

Beneficial Ownership Information Reporting Requirements for Companies



What is the Corporate Transparency Act, or CTA?

- The bipartisan CTA, enacted by Congress in 2021, requires many companies doing business in the United States to securely report their beneficial ownership information—basic information about who really owns or controls them—to the U.S. government.
- Many companies are required to report their beneficial ownership information to the Financial Crimes Enforcement Network, or FinCEN, a bureau within the U.S. Department of the Treasury.
- This framework is an important step in stopping the flow of illicit funds that hurt law-abiding small businesses, as well as protecting our economic and national security from bad actors.

Beneficial Ownership Reporting Resources

- Effective **January 1, 2024**, many companies in the United States have to begin reporting information about their beneficial owners, i.e., the individuals who ultimately own or control the company, and their company applicants.
- You can find resources—including a comprehensive compliance guide, FAQs, multimedia content, and more—at www.fincen.gov/boi.



Small Entity Compliance Guide

Available at www.fincen.gov/boi



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01: Does my company have to report its beneficial owners?

Domestic Reporting Company: a corporation, limited liability company (LLC), or any other entity created by the filing of a document with a secretary of state or similar office.

Foreign Reporting Company: a corporation, LLC, or other entity formed under the law of a foreign country that is registered to do business in the United States by the filing of a document with a secretary of state or similar office.

Non-Reporting Companies include entities that are not created by filing with a secretary of state, e.g., sole proprietorships and certain trusts.

Exempt Companies include banks, credit unions, tax-exempt entities, public utilities, and certain large companies. The Small Entity Compliance Guide includes a full list of exemptions.



02: Who is a beneficial owner of my company?

- If your company is a reporting company, your next step is to identify its beneficial owners. A beneficial owner is any individual who, directly or indirectly:
 - » owns or controls at least 25 percent of the **ownership interests** of a reporting company;
 - OR**
 - » exercises substantial control over a reporting company.
- An individual might be a beneficial owner by virtue of their substantial control, ownership interests, or both.
- **Ownership Interests** – Reporting companies are required to identify all individuals who own or control at least 25% of the **ownership interests** of a company.
- Ownership interests include equity, stock, or voting rights; a capital or profit interest; convertible instruments; options or privileges; and any other instrument, contract, or other mechanism used to establish ownership.
- There are several exceptions to the definition of beneficial owner, including a minor child, a nominee, intermediary, custodian, or agent, an employee, an inheritor and a creditor.

The Small Entity Compliance Guide has detailed graphics, checklists, and examples to assist in reporting companies in identifying their beneficial owners.



02: Who is a beneficial owner of my company?

- **Substantial Control** - Reporting companies are required to identify all individuals who exercise *substantial control* over the company.
- An individual exercises ***substantial control*** over a reporting company if the individual meets **any** of four general criteria:
 1. The individual is a senior officer;
 2. the individual has authority to appoint or remove certain officers or a majority of directors of the reporting company;
 3. the individual is an important decision-maker; or
 4. the individual has any other form of substantial control over the reporting company.

The Small Entity Compliance Guide provides more information about these criteria.

03: Does my company have to report its company applicants?



IF

Domestic/Foreign Reporting Company Created or Registered on or after Jan. 01, 2024.

THEN

Required to Report Company Applicants



IF

Domestic/Foreign Reporting Company Created or Registered before Jan. 01, 2024.

THEN

Not Required to Report Company Applicants

Company Applicants are:

- » The individual who directly filed the documents that created or first registered a domestic or foreign reporting company.
- » The individual who was primarily responsible for directing or controlling the filing of the creation or first registration document.



04: What specific information does my company need to report?

- Your reporting company must provide information about **itself**:
 - » legal name
 - » any trade name or any “doing business as” (d/b/a)
 - » complete U.S. address
 - » State, Tribal, or foreign jurisdiction of formation
 - » for a foreign reporting company: State or Tribal jurisdiction of first registration
 - » Taxpayer Identification Number (TIN) or foreign tax ID





04: What specific information does my company need to report?

- A reporting company must provide information about its **beneficial owners** and **company applicants**:
 - » name
 - » date of birth
 - » address
 - » identifying number and issuing jurisdiction from a non-expired driver's license, U.S. passport, or an identification document issued by a State, local government, or Indian tribe, or a foreign passport (if none of the other document exist); an image of the document must also be provided

04: What specific information does my company need to report?

- A “FinCEN identifier” is a unique identifying number that FinCEN will issue to an individual or reporting company upon request after the individual or reporting company provides certain required information to FinCEN.
- An individual or reporting company may only receive one FinCEN identifier.
- FinCEN identifiers may be reported instead of certain required information about beneficial owners or company applicants.





05: When and how should my company file its initial report?



The reporting requirement went into effect on January 1, 2024. FinCEN began accepting beneficial ownership information reports on this date.

Initial reports are required for all companies that meet the definition of reporting company and are not exempt from that definition.

Existing Reporting Companies

Existing



Reporting companies created or registered to do business in the United States before January 1, 2024 must file by **January 1, 2025**.

Newly Created or Registered Companies

New



Reporting companies created or registered to do business in the United States in 2024 have **90 calendar days** to file after receiving actual or public notice that their company's creation or registration is effective. **Starting January 1, 2025 new reporting companies will have 30 calendar days to file.**

05: When and how should my company file its initial report?

- If your company is required to file a beneficial ownership information report, you must do so electronically through a secure filing system. FinCEN began accepting beneficial ownership information reports on January 1, 2024.
- FinCEN has published instructions on how to complete the report.
- Sign up for FinCEN Updates or periodically check our website at www.fincen.gov/boi.





06: What if there are changes to or inaccuracies in reported information?

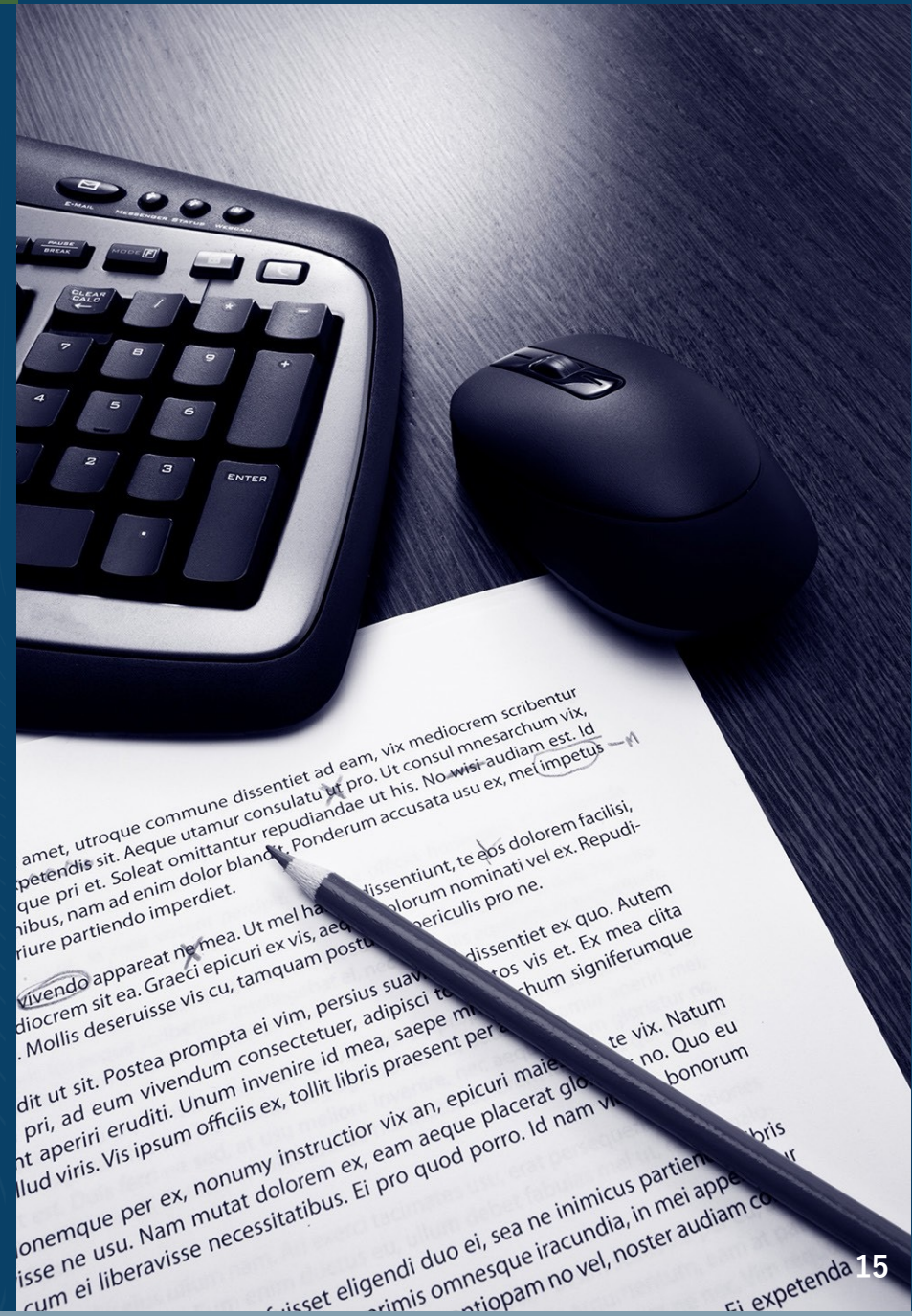
Updated Reports

- Required when there is a change to previously reported information about the reporting company itself or its beneficial owners.
- Updated reports are due within **30 calendar days** after a change occurs.

06: What if there are changes to or inaccuracies in reported information?

Corrected Reports

- Required when previously reported information was inaccurate when filed and remains inaccurate.
- Corrected reports due within **30 calendar days** after the reporting company becomes aware or has reason to know of an inaccuracy.



What happens if my company does not report BOI in the required time frame?

FinCEN is working hard to ensure that reporting companies are aware of their obligations to report, update, and correct beneficial ownership information. FinCEN understands this is a new requirement. If you correct a mistake or omission within 90 days of the deadline for the original report, you may avoid being penalized. However, you could face civil and criminal penalties if you disregard your beneficial ownership information reporting obligations.

Additional Resources

Visit www.fincen.gov/boi to learn more about beneficial ownership information reporting requirements.

Sign up for FinCEN Updates to be immediately notified of beneficial ownership updates via email at www.fincen.gov/boi

