

## Beneficial Ownership Information Reporting

In 2021 Congress passed the Corporate Transparency Act aimed at reducing money laundering. It is a small business reporting requirement with potential penalties including prison for committing a felony by not reporting. ***Let me repeat that failing to fill out this form is a potential felony with two years of prison time, plus a potential \$500 daily penalty.*** We are hopeful that Congress will propose changes to these rules to delay the effective date, however as of yet, nothing has been passed.

If your business is an LLC or corporation, **including a single member LLC**, you must fill out this form by the end of 2024, and if you start a new business in 2024, you must report within 30 days of formation. Reporting is done with a special electronic filing with the Treasury Department's Financial Crimes Enforcement Network (Not the IRS). The website is [www.fincen.gov/boi](http://www.fincen.gov/boi).

### Initial Reporting:

New companies formed after 1/1/2024 within 30 days of formation

Existing companies formed before 1/1/2024 by 1/1/2025

**Updates: It is critical to remember that any changes to beneficial ownership must be reported within 30 days of the change. This would include name or address changes.**

**Annual Reporting:** None (other than changes as described in the previous paragraph).

The required information includes owners and, for new businesses formed in 2024, the company applicants. To clarify, even if you have set up an LLC just to own a rental property this form is required, and a separate filing and form is required for every single entity, whether an LLC, an S Corporation, or a C Corporation. Some exemptions exist, primarily for larger companies and not-for-profit entities. We are particularly concerned about folks that have set up their own LLC online, for whom the potential filing penalty is also \$500 for each day late plus potential prison time.

***WE ARE NOT ABLE TO COMPLETE THIS FORM FOR YOU AS OUR INSURANCE CARRIER DOES NOT ALLOW US TO ENGAGE FOR THIS TYPE OF WORK AS IT IS TOO SIMILAR TO THE PRACTICE OF LAW. We feel that the forms to be completed will not be complicated if you choose to prepare them on your own. If you choose not to prepare them on your own, you will need to contact your attorney to complete.***

**The following is the information that you will need to have available to prepare on your own or forward to your attorney.**

### For the Company or Entity:

1. Full legal name according to the Secretary of State (download a "good standing" report)
2. Any trade and "doing business as" names
3. A complete current street address of the principal place of business (a P.O. Box or the address of a 3<sup>rd</sup> party agent does not comply with this requirement)
4. The state, tribal or foreign jurisdiction of formation
5. The IRS Taxpayer Identification Number

**A change of any of these 5 items at any time must also be reported within 30 days to the Financial Crimes Enforcement Network, including an address or owner change.**

**For the Owners and Applicants:**

For each owner of at least 25% of the entity (directly or indirectly), the reporting must include **for each owner:**

- 1) Legal name and date of birth
- 2) Address
- 3) Unique identifying number and the issuing jurisdiction from one of the following documents:
  - a) a non-expired passport issued to the individual by the United States government
  - b) a non-expired identification document issued to the individual by a State, local government, or Indian tribe for the purpose of identifying the individual
  - c) a non-expired driver's license issued to the individual by a State
  - d) a non-expired passport issued by a foreign government to the individual, if the individual does not possess any of the other documents described, and
- 4) An image of the document from which the unique identifying number (above #4) was obtained. Additionally, the rule requires that reporting companies created after January 1, 2024 provide the four pieces of information and document image for company applicants.

At the present time there are **NO** extensions available.

**Because of the incredible amount of confidential information that must be provided, we strongly emphasize that you DO NOT use unknown 3<sup>rd</sup> party solicitors, which we expect to soon emerge, because they could use this confidential information to steal your or your company's identity or data. We have already seen examples of what are clearly scams as well with fees etc. for reporting. If you receive such questionable documentation, feel free to reach out to us for an opinion as to its validity.**

**Thank you.**

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