

**Event:** Corporate Transparency Act: Business Owner Information

**Date:** November 20, 2024

**Time:** 12:30pm to 1:15pm

**Location:** In-Person & Virtual

[Office Evolution](#)

1 Blue Hill Plaza

Lobby Level, Suite 1509

Pearl River, NY 10965

**Facilitators:**

- [McGowan Law, PLLC](#)
- [Westmore Asset Management](#)
- [Rockland Professional Services, LLC](#) (“Rockland Pros”)

### [Introduction @ 0:00](#)

The focus of this event is the Corporate Transparency Act and its new Beneficial Ownership Information reporting requirements. The scope of this session is information only. It is not a “How To” session, and the information provided today is not legal advice.

The CTA, enacted in 2021, is a significant piece of legislation aimed at enhancing transparency in business ownership and combating illicit financial activities.

As of January 1, 2024, many companies doing business in the United States are required to report information about their beneficial owners to the Financial Crimes Enforcement Network, or FinCEN, a bureau of the U.S. Department of Treasury. This new requirement is a crucial step in the U.S. government's efforts to make it harder for bad actors to hide or benefit from ill-gotten gains through shell companies or other opaque ownership structures.

### [Understanding Reporting Companies @ 10:35](#)

Under the CTA, companies required to report are called "reporting companies." These can be either domestic or foreign entities.

Domestic Reporting Companies:

- Corporations, limited liability companies (LLCs), or any other entity created by filing a document with a secretary of state or similar office under the law of a state or Indian tribe.

Foreign Reporting Companies:

- Foreign companies registered to do business in any U.S. state or Indian tribe by filing with the secretary of state or similar office.

It's important to note that not all companies are required to report. The CTA provides 23 types of exemptions, including publicly traded companies, nonprofits, and certain large operating companies. If you're unsure whether your company is exempt, FinCEN's [Small Entity Compliance Guide](#) includes checklists for each exemption to help you determine your status.

## Reporting Requirements @ 12:38

Reporting companies must provide details about their beneficial owners and, in some cases, their company applicants.

### Beneficial Owners:

A beneficial owner is any individual who:

1. Directly or indirectly owns or controls at least 25% of the ownership interest of a reporting company, or
2. Exercises substantial control over a reporting company.

An individual can be a beneficial owner by virtue of both ownership interests and substantial control, or simply by one.

### Company Applicants:

For companies created or registered on or after January 1, 2024, information about company applicants must also be reported. Company applicants can be up to two individuals:

1. The person who directly filed the documents to create or register the company.
2. The individual is primarily responsible for directing or controlling the filing.

### Required Information:

For the reporting company itself, you'll need to provide:

- The company's legal name
- Any trade or "doing business as" names
- The company's complete U.S. address
- State, tribal, or foreign jurisdiction information
- The company's tax ID number (or foreign tax ID for foreign reporting companies)

For each beneficial owner and company applicant, you'll need to submit:

- Full legal name
- Date of birth
- Current residential address

A unique identifying number from an acceptable identification document (such as a passport or driver's license).

## Filing Process @ 17:51

Reporting will be done electronically through FinCEN's website at [www.fincen.gov/bo](http://www.fincen.gov/bo). The system will provide a confirmation of receipt once a completed report is filed.

There is no fee to file your own BOI report. There are third-party services providers that offer the filing of BOI reports. FinCEN has identified several fraudulent companies who seek to take advantage of small businesses. If you decide to use a third-party service provider, be sure to exercise due diligence.

## Exemptions and Penalties @ 26:19

There are 23 types of entities exempt from BOI reporting requirements. These exemptions are detailed in FinCEN's Small Entity Compliance Guide.

Per FinCEN...

*“The CTA provides civil penalties in the amount of \$500 for each day a violation continues or has not been remedied. Criminal penalties are a fine of not more than \$250,000 or imprisonment for not more than 5 years, or both. The CTA also provides for enhanced criminal penalties, including a fine of up to \$500,000, imprisonment of not more than 10 years, or both, if a person commits a violation while violating another law of the United States or as part of a pattern of any illegal activity involving more than \$100,000 in a 12-month period. Violating applicable requirements could also lead to FinCEN suspending or debaring a requester from access to the beneficial ownership (BO) IT system.”*

## Compliance Strategies @ 32:07

To ensure compliance with the CTA:

1. Determine if your company is a reporting company or falls under an exemption
2. Identify your beneficial owners and company applicants (if applicable)
3. Gather the required information for reporting
4. Mark your calendar for the appropriate filing deadline
5. File your report through FinCEN's secure online system

FinCEN provides several resources to help with compliance, including:

- The Small Entity Compliance Guide
- Frequently Asked Questions (FAQs)
- Informational videos and other materials on their website

## Conclusion @ 34:16

The Corporate Transparency Act introduces significant new reporting requirements for many businesses operating in the United States. Understanding these requirements and ensuring compliance is crucial to avoid penalties and contributes to the broader goal of enhancing financial transparency.

Remember, FinCEN is continually reviewing questions and requests for guidance, and will be issuing new materials on an ongoing basis to help ensure that the small business community has the resources it needs to comply with the reporting requirements.