



Dear Client:

For existing and new businesses, the Corporate Transparency Act (CTA) goes into effect on January 1, 2024, and imposes a brand-new federal filing requirement on most corporations, limited liability companies, and limited partnerships and on certain other business entities.

No later than January 1, 2025, all existing non-exempt business entities must file a beneficial owner information report (BOI report) with the Financial Crimes Enforcement Network (FinCEN)—the Treasury Department’s financial intelligence unit. New businesses established after January 1, 2024, will have 90 days to file their initial report after receiving actual or public notice that their company’s creation or registration is effective. Reporting companies created or registered on or after January 1, 2025, will have 30 calendar days from actual or public notice.

These BOI reports must disclose the identities and provide contact information for all of the entity’s “beneficial owners”: the humans who either (1) control 25 percent of the ownership interests in the entity or (2) exercise substantial control over the entity.

Your BOI report must contain all the following information for each beneficial owner:

- Full legal name
- Date of birth
- Complete current *residential* street address
- A unique identifying number from either a current U.S. passport, state or local ID document, or driver’s license or, if the individual has none of those, a foreign passport
- An image of the document from which the unique identifying number was obtained
- Reporting companies created on or after January 1, 2024, are required to submit information about the individuals who formed the company (“company applicants”)

FinCEN will create a new database called BOSS (Beneficial Ownership Secure System) for the BOI data and will deploy the BOSS to help law enforcement agencies prevent the use of anonymous shell companies for money laundering, tax evasion, terrorism, and other illegal purposes. It will not make the BOI reports publicly available.

The CTA applies only to business entities such as corporations and LLCs that are formed by filing a document with a state secretary of state or similar official. It also applies to foreign business entities that register to do business in the United States.

Some businesses are exempt from the CTA, including:

- larger businesses with 20 or more employees and \$5 million in receipts, and
- businesses are already heavily regulated by the government, such as publicly traded corporations, banks, insurance companies, non-profits, and others.



MATT HANLEY CPA

The CTA does not apply to sole proprietors or general partnerships in most states. But it does apply to single-member LLCs, even though the tax code disregards such entities and taxes them on Schedule C, E, or F of Form 1040.

The initial BOI report filing does not expire, and you don't need to renew it. But you have an ongoing duty to keep the BOI report up to date by reporting any changes to FinCEN within 30 days of occurrence.

Failure to comply can result in hefty monetary penalties and up to two years in prison.

You can find more information online at <https://www.fincen.gov/boi>

If you want to discuss the CTA and your filing requirements, please call our office at **903-465-8788** or email us at **info@matthanleycpa.com**.

Sincerely,

A handwritten signature in blue ink that reads "Matt A. Hanley, CPA".

Matthew A. Hanley, CPA