
Beneficial Ownership Information Reporting under the Corporate Transparency Act

The Corporate Transparency Act (CTA) was enacted as part of the National Defense Act for Fiscal Year 2021. The CTA mandates that millions of entities report their beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN).

Effective January 1, 2024, here is what you need to know:

Common Questions & Answers

Q) Who is required to report under the CTA's BOI reporting requirement?

A) All domestic and foreign entities that have filed formation or registration documents with a U.S. state (or Indian tribe), unless they meet one of 23 enumerated exceptions. Notable exceptions include broker or dealer in securities, insurance companies, investment advisers, tax-exempt entities and US entities that employ more than 20 full time US employees with more than \$5M in US gross receipts on the previously filed tax return. A full list of the exceptions can be found by clicking on the button below:

[The 23 Exemptions](#)

Q) What information do companies need to report?

A) Each company must report the information below:

- Full legal name of the reporting company and any trade or DBA names
- Business address
- State or Tribal jurisdiction of formation registration
- IRS TIN

Additionally, each reporting company must report the following details on its beneficial owners and, for newly created entities, its company applicant(s):

- Name
- Birthdate
- Address
- Unique identifying number

Q) When must companies file?

A) It depends on when the entity was created/registered

- New entities (created/registered after Dec. 31, 2023) — must file within 30 days
 - Existing entities (created/registered before Jan. 1, 2024) — **must file by Jan. 1, 2025**
 - Reporting companies that have changes to previously reported information or discover inaccuracies in previously filed reports – must file within 30 days.
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Q) Who is a beneficial owner?

A) Any individual who, directly or indirectly, either:

- Exercises substantial control over a reporting company, or
- Owns or controls at least 25% of the ownership interests of a reporting company

Q) Who is the company applicant and does the company applicant need to be reported?

A) Only reporting companies created or registered on or after January 1, 2024 will need to report their company applicants

Company Applicant definition:

- The individual who files the document that creates the entity or who first registers the company to do business in the U.S., and
- The individual primarily responsible for directing or controlling the filing of such a document

Q) What are the taxpayer penalties for noncompliance with the statute?

A) Penalties include

- Civil penalties are up to \$500 per day that a violation continues
- Criminal penalties include a \$10,000 fine and/or up to two years of imprisonment

Where to find additional information

[Overview of
Beneficial
Ownership
Information
Reporting](#)

[How to Comply
with New
Beneficial
Ownership
Reporting
Requirements](#)

[How to File a
Beneficial
Ownership
Information \(BOI\)
Report](#)

[BOI Frequently
Asked Questions](#)

How to file online

File online for free using the FinCEN Portal or use a third party such as Wolters Kluwer CT Corporation for a small fee.

Click below for FinCEN Portal Website:

[FinCEN BOI](#)

Click below for Third Party Website:

[Wolters Kluwer CT Corporation](#)

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