



Corporate Transparency Act Compliance New Federal Regulation Starting January 1, 2024

Written by Cornel Mhley, SCORE Mentor

A new US Treasury regulation, The Corporate Transparency Act Is in effect for 2024 that requires domestic and foreign Limited Liability Companies and Corporations - newly formed or already in existence - to file a Beneficial Ownership (BOI) Report with the US Treasury. The rationale for the filing is to provide information about the ownership of the entity to allow the US government to track illegal uses of business entities to enforce anti-money laundering and create a national database to prevent the use of shell companies for criminal activity.

View the SCORE Webinar for the New Act. <https://www.score.org/event/corporate-transparency-act-what-small-businesses-need-know>

Who Must File

Both domestic and foreign reporting entities are required to file reports. This includes all entities formed before and after January 1, 2024 (new entities); some companies are exempt from reporting. The filing requirements are all online with the US Treasury's portal "FinCen". You should review the regulation requirements at file:

<https://www.fincen.gov/boi-faqs>

What Information Must Be Provided

The BOI Report must be submitted for the reporting company's beneficial owners. These are mainly owners having at least a 25% interest in the entity or anyone exercising substantial control over the reporting entity, including the owner's legal name, date of birth, street address and a unique ID number (passport or driver's license). An image of the document showing the unique ID number must also be included.

How to File the BOI Report

The BOI Report must be filed electronically. Go to the portal <https://www.fincen.gov> where you will find two methods of reporting: (1) Filling out a web based version of the BOI form and submitting online or (2) uploading a PDF version of the BOI report. Third party service providers providing assistance with business registration, like Legal Zoom, may offer the ability to file the report through their software.



Important Filing Dates

Existing entities created before 2024 must file the report by January 1, 2025. Business entities created or registering for the first time **in 2024** must file the initial report 90 days after registration. Reporting companies formed **after 2024** have 30 days after creation to register with Treasury. If there is a change in previously reported information on the report, an updated report must be filed within 30 days of the change through the “FinCen” portal.

Penalty for Late Filing

The penalty for willfully failing to file both initial and any updated reports is heavy. \$500 per day that the report is late up to \$10,000 and imprisonment up to two years or all. We have little information regarding enforcement of this new law but suggest following up with compliance as soon as possible.