

# What Is the Corporate Transparency Act?

The Corporate Transparency Act (CTA) is a federal law aimed at protecting national security and helping prevent money laundering through shell and front companies. When entities are created through the State, their beneficial owners' information (BOI) is not collected. The CTA will require reporting this information to FinCEN starting Jan. 1, 2024.

## Getting a FinCEN ID.

- Visit [FinCEN ID for Individuals](#). You will need to sign in with a login.gov account.
- Enter your full name, birthdate, and address. Input information from an identifying document, i.e., driver's license, passport, state-issued ID, or a foreign passport. Upload a copy of this document.
- Lastly, certify that the information is true and correct.
- You will receive your FinCEN ID within 10 minutes.

## Who Must File A BOI Report?

- *Domestic Reporting Company*: Corporation, LLC, or other entity created with an applicable Secretary of State (SOS) filing.
- *Foreign Reporting Company*: Corporation, LLC, or other entity created under foreign law and registered in the U.S. with an applicable SOS filing.

A beneficial owner, either directly or indirectly:

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

All organizations will have at least one beneficial owner, as there will always be someone who exercises substantial control.

## What Information Is Reported on The BOI Report?

- Company:
  - Full legal name
  - Trade or DBA name, if applicable
  - Current Street Address of the principal place of business
  - State/jurisdiction of formation
  - Taxpayer Identification Number
- Beneficial Owner(s):
  - Full legal name
  - Date of birth
  - Current residential street address
  - A unique ID number and issuing jurisdiction from one of the following:
    - Passport
    - State ID
    - Driver's license
    - Foreign passport (only if an individual does not have the other items listed above)
  - Image of document from which unique identifying number was obtained

## How to file a BOI Report

- To File a BI+OI Report visit the [BOI E- Filing System](#). No login is required.
- There are two options, either PDF or Online.
- Choose filing type. See the information requested above.
- Company application- the individual who formed the entity by filing the documents with the Secretary of State.
- The Beneficial Owner Information is where you would enter the FinCEN ID previously obtained by each owner.
- Submit and keep a copy of the submission confirmation and transcript.

## Are There Exemptions?

There are 23 exemptions to the CTA filing requirement. The main exemptions that affect clients are the tax-exempt entity and large operating companies.

A large operating company is defined as a company with:

- More than \$5 million in U.S. sourced gross receipts or sales and
- More than 20 full-time employees in the U.S., and
- An operating presence at a physical office in the U.S.

## When Is the BOI Report Due?

- If the domestic reporting company was created before Jan. 1, 2024, the BOI report is due Jan. 1, 2025. If the domestic reporting company was created after Jan. 1, 2024, **the BOI report is due 30 days after** creation.
- Updated or corrected reports must be filed within 30 days of the change or after discovering an error. A beneficial owner or company applicant can apply for a FinCEN Identifier instead of reporting their information for every entity that they are associated with.
- Penalties include civil penalties, fines, or jail time for willfully providing a false BOI report or failing to report.