

What is the CTA?

The **Corporate Transparency Act** is a sweeping new law that requires the disclosure of ownership of corporations, limited liability companies, and similar entities. This will affect tens of millions of entities, including most of the business entities our clients have formed for estate planning, property ownership, asset protection, and similar purposes. The intent of the legislation is to combat illicit activity like money laundering and financing terrorist organizations. While this is a new law in the U.S., many European countries have passed similar legislation, and, for straight-forward entities, the process should not be overly-onerous.

Companies falling under this regulation must submit Beneficial Ownership Information (BOI) Reports to the Treasury's Financial Crimes Enforcement Network (FinCEN).

All companies formed prior to 2024 must file a report in 2024. All companies formed in 2024 or later have 90 days to file a report.

Who is responsible for filing?

It is the responsibility of a Reporting Company to file the BOI Reports.

- Reporting Companies are entities created or registered to do business in the U.S. They include corporations, LLCs, and LPs.
- There are 23 exceptions including regulated entities (e.g. public companies and banks), tax-exempt entities (e.g. family foundations and charitable trusts), and "large operating companies", which have 20 or more employees and \$5 million of gross revenue.
- *Willful violations can result in a penalty of \$500 per day and up to two years in prison.*
- While clients' attorneys and accountants routinely handle other reporting requirements for such entities, not all such professionals may be willing to undertake CTA compliance for their clients. If Reporting Company managers intend to rely on a professional advisor for BOI Reports, they should confirm the advisor's willingness to handle such reporting well in advance of the filing deadlines.

What information is reported?

Reporting Companies need to provide basic legal information about the company itself, the entity's owners, and the individuals that create or register the entity. Below is a list of the required information for each of the three:

Reporting Company: Legal and trade names, address, jurisdiction, taxpayer ID number (TIN).

Beneficial Owner: Full legal name, date of birth, address, and a copy of government-issued ID. (*Alternatively, see information about Beneficial Owner's FinCEN numbers below.*)

- Beneficial Owners include individuals who hold, directly or indirectly, at least 25% of ownership interest of a Reporting Company or who exercise "substantial control" over a Reporting Company, either directly or indirectly. Included are senior officers, individuals with authority to appoint or remove officers/directors, important decision-makers, etc.
- When trusts own or control a Reporting Company, the Beneficial Owner could include the settlor, trustees, fiduciaries, and beneficiaries. Legal advice may be needed to determine who is considered a Beneficial Owner when trusts are involved.

Company Applicants: Full legal name, date of birth, address, and a copy of government-issued ID (e.g. passport or driver's license).

- Entities formed prior to 2024 are exempt from disclosing the Company Applicant.
- The Company Applicants include the individuals who are responsible for and directly file the document to create or register a reporting company. (E.g. a paralegal and the attorney who is responsible for directing the filing.)



What is FinCEN Identifier?

FinCEN Identifier: Instead of collecting identifying information from each Beneficial Owner, a Reporting Company can ask Beneficial Owners to create an account to file their information directly with FinCEN and receive a FinCEN ID. In addition to being easier to collect, this has the added benefit of transferring the responsibility to the Beneficial Owner for any updates to their information (e.g. the Beneficial Owner changes addresses).

Beneficial Owners can acquire a FinCEN ID here: <https://fincenid.fincen.gov/landing>



Reporting Company Checklist:

1. Determine if your entity is a Reporting Company.
2. Determine who the Beneficial Owners are. (Legal advice may be needed if trusts or multi-layered entities are involved.)
3. Request Beneficial Owners' FinCEN ID or identifying information.
4. File BOI Report here: <https://boiefiling.fincen.gov/fileboir>. *All companies formed prior to or during 2024 must file a report in 2024.*
5. File updated BOI Reports if ownership or ownership information changes.

What is the deadline for filing BOI Reports?

Date of Entity Formation	Deadline for Filing BOI
Entity formed prior to 2024	December 31, 2024
Entity formed during 2024	Ninety (90) days after formation
Entity formed after 2024	Thirty (30) days after formation
Updates after initial BOI Report has been filed*	Thirty (30) days after being notified

*Any changes from the initial BOI Report need to be reported within 30 days after the Reporting Company becomes aware. These updates could include the change of an officer, the addition/removal of a Beneficial Owner, or the change of a Beneficial Owner's address (if not using a FinCEN ID). Similarly, a Beneficial Owner who has provided a FinCEN ID to a Reporting Company will need to file an update within 30 days of any change (e.g. legal address).

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