

# A Guide To The Corporate Transparency Act

**By Elizabeth Green & Paul Tracy**

January 1, 2024 will bring a major change to the business world as the Corporate Transparency Act (CTA) officially goes into effect. The CTA aims to create a database of companies' beneficial ownership information (BOI) to aid in government investigations of criminal activity that shell entities would otherwise shield. Businesses must report their BOI to the Financial Crimes Enforcement Network (FinCEN) to be stored in the Beneficial Ownership Secure System (BOSS) database.

## Who Has to Report BOI?

Domestic corporations or other entities created by filing documents with the Secretary of State or similar office in the United States and foreign entities registered to do business in the United States must file BOI reports.

There are 23 exemptions, primarily for companies already required to report to governing bodies, such as banks, insurance companies, accounting firms, and tax-exempt entities. There is also an exemption for large operating companies.

To qualify, a company must:

- employ over 20 full-time employees in the United States
- have an operating presence at a physical office in the United States, and
- have filed a federal tax or information return for the previous year showing more than \$5 million in gross receipts or sales.

## What Information Needs to Be Reported?

Companies must report:

- name
- trade
- doing business as (DBA) names
- street address of principal place of business
- jurisdiction of formation
- IRS taxpayer identification number, and

- for foreign companies, jurisdiction where company was first registered to do business.

The beneficial owner and company applicant must provide:

- full legal name
- date of births
- current address, and
- unique identifying number from an unexpired government ID (such as a passport or driver's license) with an image of the document.

Starting January 1, 2024, existing companies will have one year to file their initial reports. Any company created or registered after January 1, 2024, will have 30 days to file an initial report. If the reported information changes or is inaccurate, the company must file an updated report within 30 calendar days after the change occurs or it learns of any inaccuracies. As of November 2022, BOSS and the forms for reporting BOI, were still being developed. FinCEN promises that the forms will be published "well before the effective date of the BOI reporting rule."

For more information, contact the business attorneys at Altman & Associates at 301-468-3220.



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