

Important Upcoming Deadlines for Entity Owners: Understanding the New Beneficial Ownership Information Report

In an effort to enhance transparency and combat financial crimes such as money laundering and terrorist financing, The Corporate Transparency Act (CTA) was passed in 2021 and went into effect on January 1, 2024. Central to this legislation is the **mandate for entities to disclose beneficial ownership information**, what is believed to be a crucial step in the fight against financial crimes and money laundering, to the Financial Crimes Enforcement Network (FinCEN). By mandating the disclosure of beneficial ownership information, the legislation aims to enhance accountability and integrity in business operations. Entities impacted by the CTA must take proactive measures to understand and fulfill their reporting obligations.

Who Needs to File The Beneficial Ownership Information Report?

The Corporate Transparency Act affects a range of business entities, including corporations, LLCs, partnerships, trusts, and similar structures formed or registered under state or tribal law. However, certain exemptions exist for entities with over 20 full-time employees, those with gross receipts or sales exceeding \$5 million, and publicly traded companies already subject to comprehensive reporting requirements. More specific details for these exemptions can be found at www.fincen.gov.

Entities subject to the Corporate Transparency Act must designate a person responsible for submitting the Beneficial Owner Information Report to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury. This report must be filed within the allotted time of the entity's formation or registration, ensuring timely compliance with the new regulations.

What information is required to File?

The report requires information about the company (name, EIN, business address, and incorporation date), as well as information about the company's beneficial owners (name, address and photo documentation of a driver's license or passport). This information aims to provide transparency regarding individuals who ultimately control or benefit from the entity's operations.

What is a Beneficial owner?

The legislation defines a beneficial owner as an individual who directly or indirectly owns or controls at least 25% of the ownership interests in the entity or exercises substantial control over the entity. Entities must identify and report information about individuals meeting these ownership or control thresholds.

What are the filing deadlines?

Entities Established:

- Prior to January 1, 2024 – must filed by January 1, 2025
- on or after January 1, 2024, but before January 1, 2025 – file within 90 calendar days
- entities established on or after January 1, 2025 – file within 30 calendar days

Where to File?

The Beneficial Owner Information Report is to be filed with FinCEN, which serves as the central repository for this critical data. Filing can be submitted online at <https://www.boiefiling.fincen.gov>

What are the Penalties for Not Filing?

Non-compliance with the Corporate Transparency Act carries significant penalties for businesses and individuals. Entities failing to file the required Beneficial Owner Information Report or providing false or misleading information may face civil monetary penalties (currently \$591 per day) of non-compliance, along with potential criminal charges.

Where More Information Can Be Found?

For businesses seeking additional guidance on complying with the Corporate Transparency Act, resources are available from various sources. FinCEN (<https://www.fincen.gov/boi-faqs>) offers comprehensive information and assistance regarding the filing process, including detailed guidance documents and FAQs on its official website. Additionally, legal professionals specializing in corporate law can provide valuable insights and support to ensure adherence to the regulatory requirements.

If you have already-established entities, or plan to establish an entity in the future, we recommend you contact your attorney or CPA to discuss who will file the information by the applicable deadline. If your attorney or CPA will be filing on your behalf, they will likely need additional information from you to do so.

For your convenience we have provided a link the S Harris Financial Group 2024 ADV ([Click here](#)) for you to understand how we are committed to protecting your privacy and information.

We hope and pray you and your families stay healthy and experience a joy filled weekend.

The S. Harris Financial Group

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Sources:

- <https://www.fincen.gov/boi>
- <https://home.treasury.gov/news/press-releases/jy2015>
- <https://www.grantthornton.com/insights/alerts/tax/2024/insights/new-rules-require-beneficial-ownership-reporting-fincen>