



HBE

10 Minute Tuesdays

Webinar Series

October 15, 2024

Understanding Corporate Transparency Act Beneficial Ownership Information Reports

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Overview of BOI Reporting

- Part of the Corporate Transparency Act, the law has gone into effect for 2024.
- Requires many entities to file information with FinCEN, a part of the Federal Government, on who owns/controls the entity
- Generally, entities registered with their state will have some filing obligation
- Harsh penalties/fines for no reporting or late reporting

Who Prepares BOI Filing?

After review, HBE has determined that we will NOT be able to prepare BOI reports for clients.

Best options for preparation include:

- Attorneys, preferably ones with knowledge of your business
- Company leadership/owners, if comfortable filing

Who Must File

- By default, any entity created by filing paperwork with a Secretary of State or tribal jurisdiction is a reporting company required to file
 - This would include single-member LLC's generally treated as disregarded entities

- Exempt Entities include:

Banks/Credit Unions	Securities Broker Dealer	Insurance Company	Governmental Authorities	Certain Inactive Entities
Large Operating Companies	Public Utilities	Investment Company / Investment Advisors	Tax-Exempt Entities/Certain Subsidiaries	Others

Exemption Notes

- Large Company – Meets All Three Qualifications:
 - More than 20 Full-Time US Employees
 - Physical Office Presence in US
 - More than \$5,000,000 in Gross Receipts show on Tax Returns
- Inactive entities are narrowly defined – if you have an inactive entity, you may want to confer with legal counsel on how to handle
 - Potentially only inactive entities created before 1/1/2020 are excluded from reporting requirements

When to File

- For entities that were in existence prior to 2024, the initial filing must be completed **by January 1, 2025**
- Entities formed during 2024 have **90 days** to register
- Beginning in 2025, new entities or entities reporting changes to BOI reports have **30 days** from creation or the date of the change to file the report
 - Changes include new/different owners OR things like a change of address for a current owner

What the Filing Contains

- Reports include information about the company
 - Name, including DBA's
 - Physical Address (of the business, not a representative)
 - State of Formation
 - Tax Identification Number
 - May need to apply for one if a disregarded entity doesn't have one
 - Copy of documentation of legal entity

What the Filing Contains

- Reports include information about certain owners
 - Full Legal Name
 - Date of Birth
 - Home Address – Not a PO Box/Representative's Address
 - Copy of US Passport or State Driver's License
- Beneficial owner is defined as an individual who owns/controls at least 25% of the entity's ownership interests OR exercises substantial control over entity
 - The second test can be trickier, and may require consulting counsel

Overall Considerations

- This is something to take seriously and make sure to report in a timely manner
- In many cases, the reporting may be straightforward, but keeping it current is important
- Consulting with your attorney where you have questions can be important
- While there have been some challenges to these rules, there is no clear path to them being suspended/delayed further, though additional guidance could come later.



Contact Information

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