

## **SMALL BUSINESSES MUST NOW REPORT OWNERSHIP INFORMATION TO THE GOVERNMENT**

The government has gone and done it again. In an effort to crack down on money laundering, financing terrorism, tax fraud, and other illegal acts via sketchy shell companies, Congress has enacted the Corporate Transparency Act. If you're a small business owner, you and about 32 million other business entities have a part to play in fighting the bad guys.

Reporting requirements kicked off in January 2024 but you have the entire year to comply. However, there are some pretty steep fines for non-compliance (\$500/day up to \$10,000 and 2 years in jail). Here's what you need to know.

### **Who's in charge of Beneficial Ownership Information Reporting?**

FinCEN, part of the U.S. Treasury, is running this play. It's not about taxes per se, but rather about stopping bad people from doing bad things while hiding behind shell companies.

### **Who has to file a Beneficial Ownership Information Report?**

The Corporate Transparency Act requires the owners of nearly all newly-formed and existing companies to file a report starting on Jan. 1, 2024. This includes, Partnerships, LLCs (including single member LLCs), Corporations, and other entities that are created by filing relevant documents with your secretary of state. Any foreign companies that are registered to do business in the U.S. are also required to report. Be aware there are scams in the forms of phishing emails and phone calls that will charge you a hefty fee to do this for you. There is no fee to file and it doesn't take very long. Plus you really don't want to give all that personal information to a third party.

### **What are the deadlines for filing a BOI Report?**

BOI reporting kicked off Jan. 1, 2024. Existing businesses that were an entity prior to that date have a full year, until Jan. 1, 2025, to complete their reports. (That said, it's super-simple and we recommend getting it done and checked off your list).

New businesses that are formed on or after Jan. 1, 2024, must report within 90 days of

creating their entity.

Happily, this isn't an annual requirement. You only have to do it once unless you need to update or correct information such as adding or dropping a shareholder, changing addresses, etc., in which case you must make the update within 30 days of the change.

Or, if you were previously exempt and now aren't, you need to get filing too.

### **What information is collected in BOI reporting?**

Each reporting company must provide the following information about each beneficial owner (someone who substantially controls and/or owns 25% or more of the company):

- Name
- Date of Birth
- Address
- U.S. driver's license or passport or other qualifying document

### **Are there exemptions?**

Of course, we're talking about the U.S. government! Go to: <https://www.fincen.gov/boi> for more information, see the list of exemptions, and to file the report.