



The Corporate Transparency Act

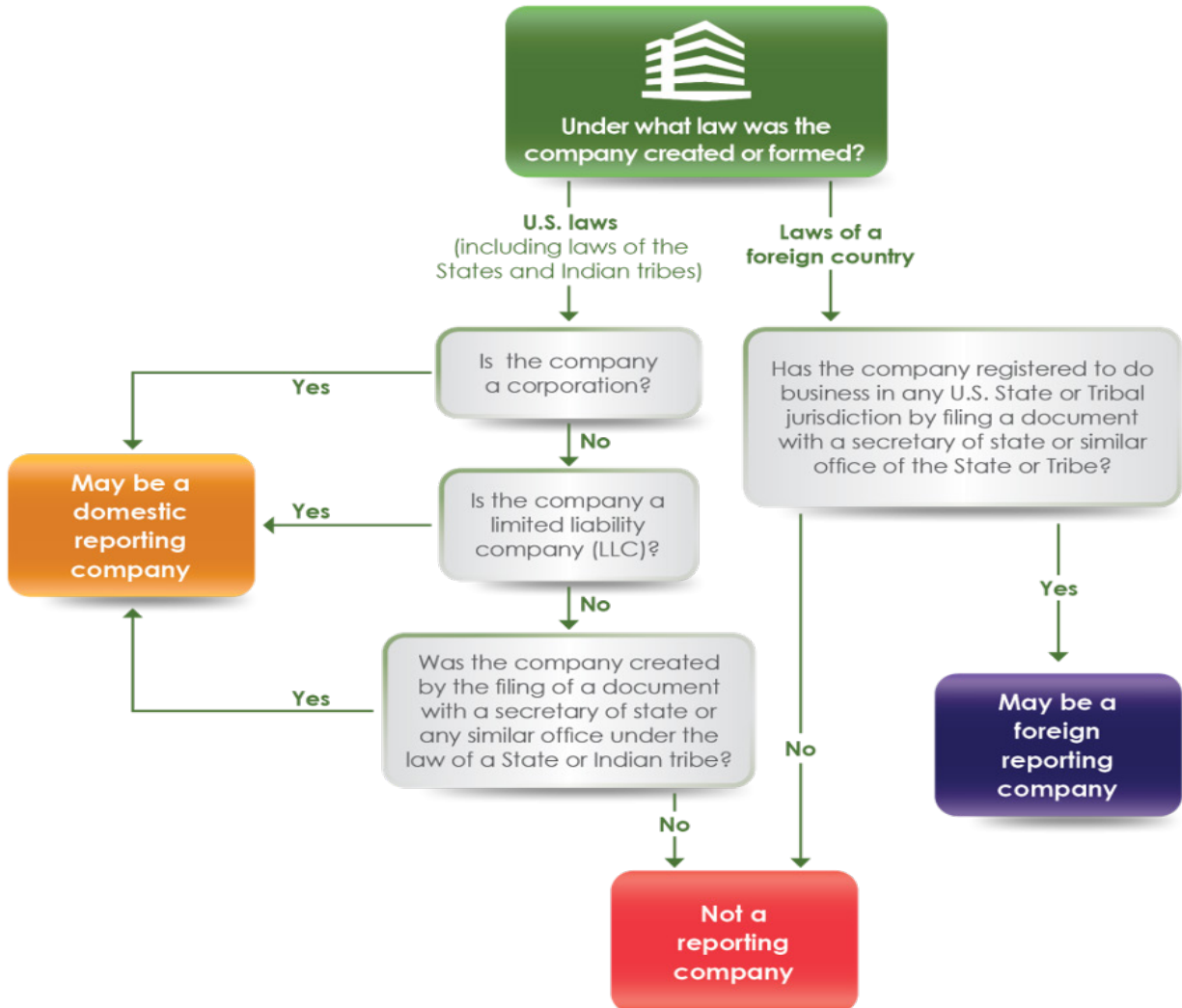


Rachelle Carmel, JD, CFP[®], CTFA



The Corporate Transparency Act (CTA) went into effect on January 1, 2024. Its purpose is to enhance corporate transparency in order to combat illegal activity like money laundering, financing for terrorism, and tax fraud. Businesses that meet certain criteria must disclose information about the entity and beneficial owners to the Financial Crimes Enforcement Network (FinCEN) of the Dept of Treasury. It is important to know a few things about the CTA as it is the entity's responsibility for filing with FinCEN and there could be significant penalties if the reporting requirements are not met.

What is a reporting entity? FinCEN created the below flow chart to help entities discover if they are a reporting company and whether or not they are required to disclose the information required to conform with the act. Examples of reporting companies are Corporations, LLCs, LLPs, Partnerships, certain types of trusts, and any other type of entity that is registered within a secretary of state's office. There are 23 entity types exempt from reporting requirements and they can be found in FinCEN's Small Entity Compliance Guide.



Source: U.S. Department of the Treasury, Small Entity Compliance Guide



What is a Beneficial Owner? It is an individual who either directly or indirectly exercises substantial control over the entity OR owns at least 25% of the entity's ownership interests.

What is Substantial Control? It applies to an individual that meets ANY of the below four criteria:

1. A senior officer
2. The individual appoints or removes certain officers or a majority of directors of the entity
3. An important decisions maker
4. The Individual has any other form of substantial control over the entity

When does the entity have to report the information to FinCEN?

- Companies created before January 1, 2024 will have until January 1, 2025 to file Beneficial Ownership Information (BOI).
- All other companies created after January 1, 2024 and before January 1, 2025 will have 90 calendar days after receiving actual notice that the registration of the entity is effective.
- Entities created after January 1, 2025 will have 30 calendar days to file their BOI reports.
- Any changes to the information provided must be reported within 30 calendar days

What information needs to be reported? Full legal name, Date of birth, current Address, and a number and image from one of the following NON-EXPIRED Documents (US Passport, State Driver's License, ID document issued by state, local government, tribe, or a Foreign Passport if no other documents exist.)

Where does one report the BOI Information? Access the form by going to the website (<https://boiefiling.fincen.gov>) and select "File BOIR" What is the penalty of not reporting? The failure to report may result in civil (up to \$500 for each day the violation continues) or criminal penalties (up to two years and/or a fine of up to \$10,000).

A federal court recently ruled that the CTA is unconstitutional (National Small Business United d/b/a National Small Business Association (NSBA), et al. v. Janet Yellen, et al.) due to the act exceeding the constitution's limits on congressional power. For now, the court doesn't prohibit FenCEN from enforcing the CTA against entities that are not in the NSBA. Since the government has yet to respond to the ruling in this case, it is advised that entities continue to file with FenCEN until there is more clarity in order to avoid the hefty penalties associated with the Act.

While we do not file on behalf of our clients with FinCEN, your Bison Wealth advisor is happy to help you answer questions you may have with regard to the process. Let us help you plan, protect, and prosper!



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Index definitions: “U.S. Large Cap” represented by the S&P 500 Index. “U.S. Small Cap” represented by the S&P 600 Index. “International” represented by the MSCI Europe, Australasia, Far East (EAFE) Net Return Index. “Emerging” represented by the MSCI Emerging Markets Net Return Index. “U.S. Aggregate” represented by the Bloomberg U.S. Aggregate Bond Index. “Treasuries” represented by the Bloomberg U.S. Treasury Bond Index. “Short Term Bond” represented by the Bloomberg 1-5 year gov/credit Index. “U.S. High Yield” represented by the Bloomberg U.S. Corporate High Yield Index. “Real Estate” represented by the Dow Jones REIT Index. “Gold” represented by the LBMA Gold Price Index. “Bitcoin” represented by the Bitcoin Galaxy Index