

# Corporate Transparency Act Beneficial Ownership Information Reporting

## Frequently Asked Questions

**Q1:** What is the Corporate Transparency Act?

**A:** A federal law that requires “reporting companies,” which comprises most legal entities created or doing business in the U.S., to file online reports with the Financial Crimes Enforcement Network (“FinCEN”) starting on January 1, 2024.

**Q2:** How do I know if my legal entity is required to file?

**A:** Almost all entities created or doing business in the U.S. must file, unless a specific exemption applies. Examples of exempt entities are public companies, financial institutions, utilities providers, tax-exempt organizations, and large operating companies with \$5 million in annual revenue and more than 20 U.S.-based employees. The full list of exemptions can be found in the regulations and at the link below. Talk to your legal counsel if you are unsure of whether an exemption applies.

**Q3:** What are the deadlines I should keep in mind?

**A:** Entities created on or after January 1, 2024 have 30 days after creation to file a report. Entities created before January 1, 2024 have until January 1, 2025 to file a report. Reports must also be updated within 30 days following a change in any information previously reported.

**Q4:** Who are the subjects of these reports, and what kind of information do I need to provide about them?

**A:** The reports will cover your legal entity, the people who created your entity by making a filing with the Secretary of State, and the people who “beneficially own” your entity (e.g., members, shareholders), including individuals who “substantially control” your entity (e.g., managers, officers, directors) and people holding greater than 25% of its equity. Information required for your entity includes its legal name, trade names/DBAs, address, and tax identification number. Information required for the people that created your entity and the beneficial owners includes their names, addresses, and a copy of a government-issued ID.

**Q5:** Is providing a copy of a government-issued ID really required?

**A:** Yes. The report form will ask for both the ID number from a passport, driver's license, or state ID, and a picture of the ID from which the number came. There is no exception to this requirement.

**Q6:** Will reported information be publicly available?

**A:** No. Only certain government and law enforcement officials and financial institutions will be authorized to access the information.

**Q7:** What are the penalties for failing to comply?

**A:** Penalties may include a civil penalty of up to \$500 for each day that a violation continues, and a criminal penalty of up to \$10,000 and two years of imprisonment. Legal entities, senior officers of legal entities, and anyone who provides false information as part of a report may be liable.

**Q8:** Where can I find more information?

**A:** Talk to your legal counsel or visit FinCEN's website at <https://www.fincen.gov/boi>, which includes links to resources that explain the new rules in more detail.