



NEW CORPORATE TRANSPARENCY ACT FILING REQUIREMENTS

The Corporate Transparency Act (CTA) went into effect on January 1, 2024. The new federal law's purpose is to combat money laundering, tax fraud, and the financing of terrorism. It will impact millions of businesses. It is designed to prevent individuals with malicious intent from hiding or benefiting from the ownership of U.S. entities to carry out illegal operations. The law requires businesses that meet certain criteria to submit what is referred to as a Beneficial Ownership Information (BOI) Report to the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN). Businesses will not be charged a filing fee by FinCEN for submitting their reports. Submissions may be made electronically at the FinCEN website.

INITIAL FILING REQUIREMENTS

Commencing on January 1, 2024, qualifying businesses formed before this date, will have until January 1, 2025 to file their BOI Report with FinCEN. Qualifying businesses created between January 1, 2024 and January 1, 2025 will have 90 days to file their BOI Report with FinCEN from the earlier of the date on which the reporting company receives actual notice that its creation has become effective or the date the Secretary of State first provides public notice. Businesses established on or after January 1, 2025 will have 30 days from notification or public announcement of their formation to submit their first BOI Report.

There are two types of companies that will be required to submit BOI Reports: domestic reporting companies, including corporations, LLCs, limited partnerships, and other entities formed through the Secretary of State's office in the U.S.; and foreign reporting companies that are registered to conduct business in the United States.

The BOI Report's contents will vary depending on the date the business was established. Businesses established after January 1, 2024 must report information about the business, its "beneficial owners", and its company applicants. A **beneficial owner** is defined as any individual who exercises substantial control over the business, or who owns or controls at least 25% of the business. Such information includes the owners' and applicant's name, addresses, birth dates and identification numbers such as a driver's license or passport. An **applicant** is (i) an individual who directly filed the document (either physically or electronically) that created the business or first registered a foreign company – this is known as the direct filer; and (ii) the individual who was primarily responsible for directing or controlling the filing of the creation or first registration document. Businesses, however, established before January 1, 2024 do not need to report the company applicant.

UPDATE AND CORRECTION OF INITIAL FILING REQUIREMENTS

Although there is no annual reporting requirement, the initial filing is not the only filing requirement. In addition to the initial filing, should any information in the original filing change an updated filing is required. Such changes include a change in the beneficial owner of the business, a change in address, a change to a name, a new driver's license number or other unique identifying number, or a change in the operation or delegation of duties within the business. Such updated filings must be reported in as short as 30 days from the time of the change.

Certain companies are exempt from the CTA reporting requirements. These include, but are not limited to, tax-exempt entities, such as 501(c)3 entities; large companies that employ 20 or more full-time employees with more than \$5 million in gross receipts or sales on the previous year's federal tax return; public accounting firms; banks; government entities; and certain inactive entities. Specific criteria apply to each exemption and should be reviewed carefully.

While DTC Lawyers will not complete or make BOI Report filings on behalf of clients, we are here to provide guidance and counsel to assist clients with meeting the requirements of the CTA. More detailed information is available on our website at the following link:
<https://dtclawyers.com/wp-content/uploads/Corporate-Transparency-Act-Help-page-1-1.pdf>

Please reach out to the individuals listed below, or your primary contact at DTC Lawyers, for assistance with the CTA.

Lizabeth M. MacDonald lmacdonald@dtclawyers.com (603) 778-0686 Ext. 1540

Douglas M. Mansfield dmansfield@dtclawyers.com (603) 778-0686 Ext. 1519

Heidi J. Barrett-Kitchen hkitchen@dtclawyers.com (603) 778-0686 Ext. 3208

For more information please visit our [website](#).

