

On January 1, 2024, the reporting obligations imposed by the Corporate Transparency Act (the “CTA”) went into effect. Unless an exemption applies, **all entities that are either created by filing a document with the secretary of state or a similar office** or a foreign entity that is registered to conduct business in the United States (a “Reporting Company”) are required to file a report with the U.S. Treasury’s Financial Crimes and Enforcement Network (“FinCEN”). The report must include information about the Reporting Company itself, its “Beneficial Owners”, and its “Company Applicants” (if applicable). Since sole proprietorships, trusts, and general partnerships do not require the filing of a formal document with the secretary of state or similar office, they are not considered a Reporting Company and will not have a filing requirement.

A “Beneficial Owner” is any individual who, directly or indirectly, (i) exercises substantial control over the entity (e.g. LLC manager, corporate officer, etc. or any individual with authority to appoint/remove senior officers; no actual ownership required), *or* (ii) owns or controls twenty-five percent (25%) or more of the ownership interests in a Reporting Company. It is important to note that individuals holding a fiduciary position within a trust structure (i.e., Trustee, Investment Direction Adviser, Distribution Adviser and Trust Protector) owning an interest in a Reporting Company may also be considered a Beneficial Owner. A “Company Applicant” is defined as (i) the person who directly files the formation or registration document of the Reporting Company and/or (ii) the person who was primarily responsible for the filing, but is not required if the Reporting Company was formed before January 1, 2024.

Information required to be provided for the “Beneficial Owner” includes an individual’s full legal name, date of birth, street address and a unique ID number (copy of state driver’s license or FinCen ID).

A Reporting Company has until January 1, 2025, to file its initial report with FinCEN.

In addition to the initial filing obligation imposed upon Reporting Companies under the CTA, if a Reporting Company experiences any changes to the report initially filed with FinCEN (e.g., a change in Beneficial Owners), the CTA requires that the Reporting Company file an updated report within thirty (30) days of such change taking effect. There is not an annual filing requirement if there are no changes.

Failure to comply with the CTA reporting obligation may result in a fine of \$ 591 for each day of noncompliance and/or up to two (2) years in prison and a fine of \$ 10,000.

We will not be preparing or filing these reports. If you have any questions about these new reporting rules and how they affect your business, we will be able to provide you with recommendations for filing assistance.

Attached are relevant Corporate Transparency Act materials to assist you with your filings.