



5 REASONS TO GET STARTED ON

CTA Compliance NOW



Starting January 1, 2024, the Corporate Transparency Act (CTA) requires certain U.S. business entities to file beneficial ownership (BOI) reports with the Financial Crimes Enforcement Network (FinCEN). This critical Federal law aims to combat financial crimes like money laundering, tax fraud, and human trafficking.

Compliance with the Corporate Transparency Act (CTA) is going to require more than 30 million companies to file a beneficial ownership information (BOI) report with FinCEN by December 31st and there are serious fines for non-compliance.

And yet, according to government statements, only ten percent of the companies that need to file have done so by mid-way through the year. That means that roughly 27 million companies have not yet gotten started on their BOI reports that are due to be filed by the end of the year.

There are at least **5** good reasons why you should get started on CTA compliance for your company.

1

YOU NEED AN EDUCATION

2

GETTING IT RIGHT IS REALLY IMPORTANT

3

**RESOURCES WILL BE SCARCE AS
YEAR-END APPROACHES**

4

COLLECTING BOI DATA WILL TAKE TIME

5

**NOTHING IS GOING TO CHANGE BY
THE END OF THE YEAR**



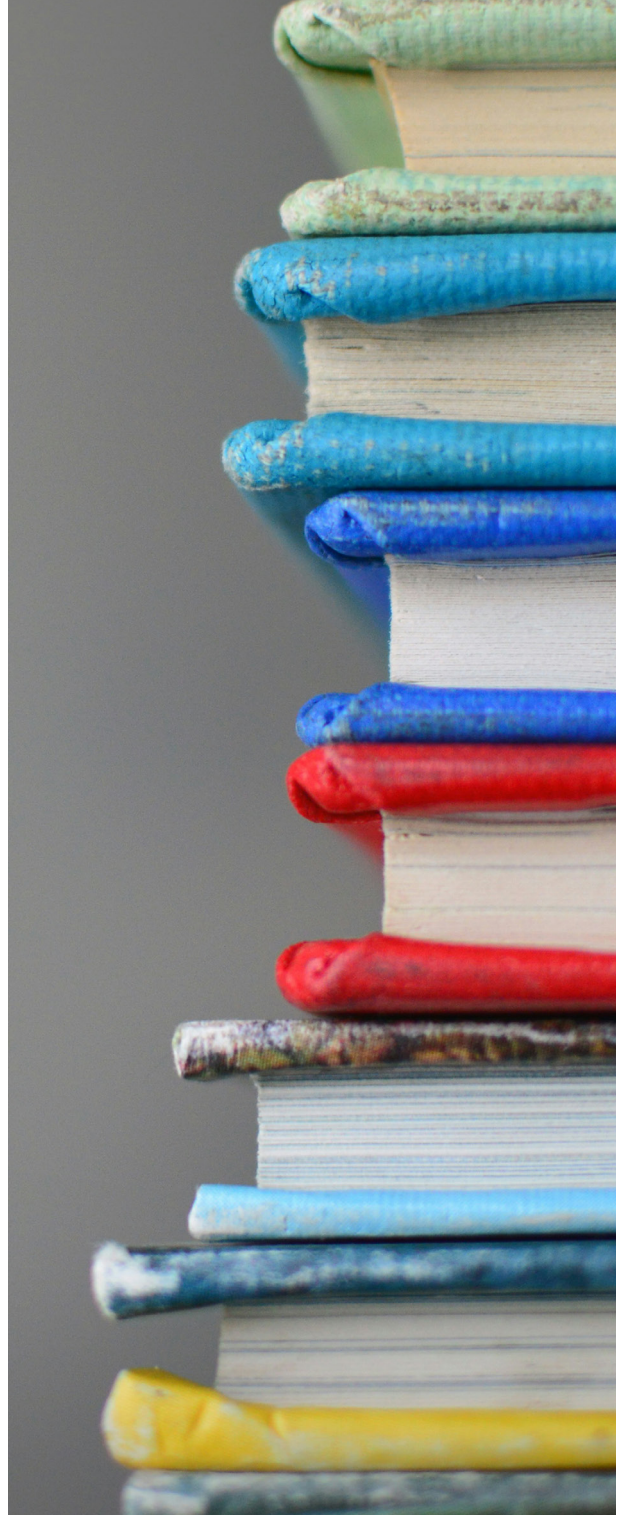
YOU NEED AN EDUCATION

There are tons of resources where you can learn more about the CTA. We've pulled together the most critical [resources](#) for you on our website.

But getting up to speed will take a little time.

And, if you have several partners involved as owners or managers of your business, you will need to explain the CTA to them and help them understand the process to follow when preparing your company's initial BOI report.

Maybe you're a fast reader. Even so, you should budget some time to read up on the new requirements that the CTA imposes so you make sure to get it right.





GETTING IT RIGHT IS REALLY IMPORTANT

The CTA was adopted by Congress to fight criminal money laundering. As a result, the statute contains substantial penalties for non-compliance.

If your company is late filing its BOI report, it could be liable for a fine of \$500 for every day it is late.

The CTA requires your company to amend its BOI report within 30 days after any change in any information contained in its most recent BOI report. Running late on an amendment can also result in a \$500 per day fine.

If regulators think you have filed false information willfully (or that you have failed to file in a willful manner) you can be prosecuted on a felony basis, with a potential two-year prison term on the table.

Filing your first BOI report is not a test to take lightly. Do your homework in advance and get the help you need from your attorney or accountant. Get started now.



A large, light blue, stylized number '3' is centered on the page, serving as a background for the text. The number is composed of two thick, rounded strokes that meet at a central point, creating a modern, minimalist aesthetic.

RESOURCES WILL BE SCARCE AS
YEAR-END APPROACHES

Because the CTA is a new law, it is not familiar to many attorneys and accountants. Those who have some expertise in the CTA are going to be in high demand in the second half of 2024 when more than 27 million companies still need to get started with their initial reports.

If you anticipate you may need help from an attorney or accountant, you should begin that process now. Locate an experienced professional now and ask him or her what information and documents you should collect and how much time the professional will need to give you advance.

Even if you have the best of intentions in the final months of 2024, you might not be able to find the professional help you need because of the overwhelming demand that is likely to arise as the year-end approaches.





COLLECTING BOI DATA WILL TAKE TIME



Your company's initial BOI report must include basic identifying information about the company, including its full legal name, entity state, state of formation, employer identification number (EIN), and principal place of business.

The BOI report must also identify each "beneficial owner" of the company. The term "beneficial owner" is defined in FinCEN's regulations and include:

- (a) any person who owns 25% or more of the company, or
- (b) has "substantial control" (defined to include senior officers, persons with the power to appoint or remove senior officers, any person with substantial influence over major decisions and any other person with substantial control).

For each beneficial owner of the reporting company, the reporting company must disclose in its initial report each beneficial owner's

- (a) full legal name,
- (b) date of birth,
- (c) residential street address,
- (d) a unique identifying number (which may be a non-expired U.S. passport, a non-expired identification document, such as a driver's license, issued by a state, local government or Indian tribe, or a non-expired passport issued by a foreign government if the individual does not possess any of the other document types listed), and (E) an image file of the document that provides the unique identifying number.

In addition, if the company was formed on or after January 1, 2024, the BOI must also include the entity's "company applicant."

FinCEN's regulations define "company applicant" as

- (a) with respect to a domestic reporting company, "the individual who directly files the document that creates the domestic reporting company," and
- (b) with respect to a foreign reporting company, the individual who directly files the document that first registers the foreign reporting company."

If there is more than one individual involved in the filing of the document that forms the domestic reporting company (or that registers the foreign reporting company to do business in the U.S.), the "company applicant" is both

- (a) the individual who directly files the document that creates the company and also
- (b) the individual "who is primarily responsible for directing or controlling such filing."

Evaluating these requirements and collecting this information will take some time. Online resources like FinCEN Report Company can help you safeguard your collected data. But only you can evaluate these requirements and collect the information you need. Give yourself sufficient time to get it right.



**NOTHING IS GOING TO CHANGE BY THE
END OF THE YEAR**

There is a lot of wishful thinking in some corners of the Internet.

Some are hoping that Congress will repeal or modify the CTA so that companies don't need to file. That's extremely unlikely. Congress passed the CTA with a bi-partisan super-majority that overcame a presidential veto. A majority of the current Senate has already voted in favor of the CTA. The likelihood that a majority will reverse itself is extremely unlikely (especially in the second half of a presidential election year).

Some are hoping that a court might strike down the CTA as unconstitutional. One court has, and that court's decision is now on appeal. The appellate court's ruling is unlikely to come out before the end of the year. Even if it did, the losing party is almost certain to apply to the U.S. Supreme Court for review, a process that can take months.

In short, the CTA is a law that applies to companies in the U.S. and that is not going to change by the end of the year.



Key Deadlines & Enforcements



NEW BUSINESSES

Formed on or after January 1, 2024 will have 90 days to comply.



EXISTING BUSINESSES

Formed before January 1, 2024 will have until December 31, 2024 to comply.



ADDENDUM REQUIRED

Within 30 days after any change in previously-reported data.



FAILURE TO COMPLY

May bring a fine of \$500/day and/or a possible felony with up to 2 years in prison.

GET STARTED AT [FINCENREPORT.COM](https://fincenreport.com) NOW





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