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To Our Valued Client:

The Corporate Transparency Act (CTA) is upon us. It took effect on January 1, 2024, and imposes a new federal filing requirement for most corporations, limited liability companies (LLCs), and other business entities.

Corporations, LLCs, and other entities subject to the CTA are called “reporting companies.” People who 20 2024 form a new Limited Liability Companies, Partnership and/or Corporation (referred to as reporting companies) must file a beneficial ownership information (BOI) report with the Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) within 90 days of forming the company.

The owners of reporting companies created before 2024 must also file a BOI report, but they have until January 1, 2025 (but think December 31, 2024).

Some businesses are exempt from filing—for example, large operating companies with over 20 employees and \$5 million in income. There are other, more narrow exemptions as well.

The BOI report must contain the name, the birth date, the address, and an ID number and image of that ID for each “beneficial owner” of the reporting company. These are the human beings who (1) own or control at least 25 percent of the company or (2) exercise “substantial control” over the company.

The BOI report is filed online at a new federal database called BOSS (an acronym for Beneficial Ownership Secure System). There is no filing fee.

Government law enforcement and security agencies will use the data from BOI reports to help combat money laundering, tax evasion, terrorism, and other crimes. It will not be available to the public.

Naturally, people have lots of questions about the BOI report filing requirements—for example:

- Do you have to file a BOI report if you own a single rental property in an LLC? (Yes.)
- Do you have to file 10 BOI reports if you own 10 LLCs? (Yes.)
- Can certified public accountants, enrolled agents, and other non-lawyers file BOI reports for clients without running afoul of unauthorized practice of law rules? (Unclear.)*
- Are registered agents responsible for filing the BOI report? (No.)
- Do the self-employed have to file? (No.)
- Do I need to list a street address in the BOI report? (Yes.)
- Do I need to list my Social Security number in the BOI report? (No.)
- Do I need to list my attorney in the BOI report? (Maybe.)
- Must I file an updated BOI report if a beneficial owner leaves the company? (Yes.)
- Do I have to list my minor child in a BOI report? (No.)
- Will criminals file BOI reports? (Who knows?)
- Is filing mandatory? (Yes.)
- Is there a penalty for not filing? (Yes. The civil penalty for late filing is \$591 per day up to \$10,000 and criminal penalties of up to two years in prison.)

I've provided some basic answers above. If you have further questions on the new BOI reporting, please call Senator Mark Kelly office at 202-224-2235 since he voted in this law.

Hope you find this helpful.

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*Please do not call us, we're not allowed to file your BOI since it is considered practicing law and we're not lawyers, we're accountants and tax professionals.