

Date: 2024

Attention: Business Owners

Subject: Beneficial Ownership Information Reporting - **ACTION REQUIRED**



Alert: A Federal District Court in Alabama has ruled the Corporate Transparency Act unconstitutional. The Beneficial Ownership Information reporting falls under this act. Since the ruling only applies to those listed as plaintiffs, and the Justice Department is expected to appeal, it is recommended to continue filing according to current deadlines.

As we deliver your business return, we want to touch base with you on a new mandated 2024 governmental reporting requirement that is not tied to your federal tax compliance. The Federal Criminal Enforcement Network (FinCEN) is requiring the disclosure of ownership information with a Beneficial Ownership Information (BOI) report. While we have been proactive in providing information via webinars and our newsletter, we realize this topic is still unknown to many in our business community. Please be aware that we are unable to complete this information for you as it is presently being viewed by our governing boards as legal advice and beyond our professional scope.

#### **Overview:**

FinCEN (Financial Crimes Enforcement Network) is mandating a reporting by the end of this calendar year for all entities who were created by the filing of a document with the secretary of state or any similar office under the law of a state. This mandate is to help combat financial crimes such as money laundering and fraud. Entities included are corporations (INC, PC, PA), limited liability companies (PLLC, LLC), and limited partnerships (LP, LLP). There are exemptions but most of these are for larger entities who already have filing requirements to various governmental oversight entities.

#### **Deadlines:**

Existing Entities as of 1.1.24 - Initial report due by 12.31.24.

Entities created after 1.1.24 and by 12.31.24 - Initial report due within 90 days of creation.

Entities created 1.1.25 and after - Initial report due within 30 days of creation.

#### **Initial Report Information Requirements:**

- Disclosure of ownership structure
- Owners
- Identification of beneficial owners
- DOBs, addresses, and upload of documents proving identity of the beneficial owners.

#### **Continuing Obligation:**

- Report any changes to ownership or to the beneficial owners (e.g. address change) within 30-days.

#### **Penalties:**

- Fees up to \$10,000 and imprisonment up to 2 years for noncompliance or inaccurate information.

#### **Resources**



#### **Seidel Schroeder Website**

- Scroll through our BOI client resources
- View our webinar, handout, flyer, and FAQ
- Find links to government websites about reporting.



If needed, consult with your attorney to evaluate whether your business entity will be subject to the BOI reporting requirements as well as who will be considered a beneficial owner. Should your attorney not be able to assist you with such matters, please call and we will provide a list of referrals.