

## Beneficial Ownership Reporting Information

On January 1, 2021, Congress enacted the Corporate Transparency Act as part of the 2021 National Defense Authorization Act.

In September of 2022, The Financial Crimes Enforcement Network (FinCEN) issued a final rule update to Beneficial Ownership implementing the bipartisan Corporate Transparency Act's (CTA) Beneficial Ownership Information (BOI) reporting provisions.

The purpose of BOI reporting under the CTA is to establish a database of information that will be "useful in combatting illicit finance and the abuse of shell and front companies by criminals, corrupt officials and other bad actors." This purpose is unrelated to tax compliance obligations or with interpretations of the Internal Revenue Code.

Beginning January 1, 2024, any entity organized, incorporated, or registered with a Secretary of State (unless specifically exempted) will be subject to BOI filing requirements administered by FinCEN. Impacted companies existing prior to Jan. 1, 2024, have until Jan. 1, 2025, to file initial reports. New companies created during 2024 have 90 days to file, new companies created after 2024 have 30 days to file, and companies with ownership changes have 30 days to update their information.

There is no filing fee for BOI reporting; however, failure to comply with the BOI reporting requirements is subject to penalties ranging from \$500 to \$10,000, and potential imprisonment up to two years.

Many accounting firms already notified their clients that the purpose and administration of BOI reporting renders it outside the purview of services they were willing or authorized to provide and consequently, would not be able assist or advise with BOI reporting responsibilities. We are currently evaluating if such a service will be provided by Anna Nalls CPA PC for our clients. We will make the final determination by June 2024.

In the meantime, we recommend consulting with your legal counsel for assistance with determining and facilitating any BOI reporting requirements. Furthermore, the following information from FinCEN may be helpful to learn:

[BOI Small Compliance Guide v1.1 \(fincen.gov\)](https://www.fincen.gov/boi-small-compliance-guide-v1.1)

[Beneficial Ownership Information Reporting | FinCEN.gov](https://www.fincen.gov/boi)

