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Corporate Transparency Act

The new Corporate Transparency Act requires that all “reporting companies” report beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN).

What is a domestic Reporting Company?

Any entity (corporation, LLC, etc.) created by the filing of a document with the secretary of state or any similar office in the United States has to report unless an exemption applies. There are 23 types of entities that are exempt from the BOI reporting requirements. FinCEN's [Small Entity Compliance Guide](#) includes checklists for each of the 23 exemptions to help determine whether your company qualifies for an exemption. The most common exemptions are:



- Tax-exempt entities;
- Entities that have both: (1) more than \$5 million in gross receipts; and (2) more than 20 full time employees;
- Qualified entities in specified highly – regulated businesses (e.g., securities, banking, insurance) and accounting firms.

How Do I Report?

Reporting companies report beneficial ownership information electronically through FinCEN's BOI E-filing system: boiefiling.fincen.gov/. This is a free filing. You should complete this yourself for your company. The beneficial owners must upload identification (image of driver's license or passport) as part of the application.

When Do I Report?

- If your company was created **before** January 1, 2024, you will have until **January 1, 2025**, to report BOI.
- If your company is created on or after January 1, 2024, you must report BOI within **90 days** of notice of creation or registration. Beginning in 2025, that reporting window is 30 days.
- Any updates or corrections to beneficial ownership information that you previously filed with FinCEN must be submitted within **30 days**. Updates would include change of ownership, address, etc.

What is Reported?

Each reporting company must identify the beneficial owners and, for entities created on or after January 1, 2024, the company applicant. A **beneficial owner** is any individual who, directly or indirectly, either exercises substantial control over the reporting company or owns or controls at least **25%** of the ownership interests of the reporting company. Some exclusions apply. A **company applicant** is the person who files and creates your entity. Only entities created after January 1, 2024 report a company applicant.

What are the Penalties of Non-Compliance?

A person who willfully violates the BOI reporting requirements may be subject to civil penalties of up to \$500 for each day that the violation continues. That person may also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000.

Fraud Alert: FinCEN has been notified of recent fraudulent attempts to solicit information. FinCEN is not sending notices directly to you. Only report your company's information directly to the FinCEN E-Filing System.

If you would like to engage NGC to file the **initial** report for you, please contact us.

For more information, visit [FinCEN's website](https://www.fincen.gov) (www.fincen.gov), view FinCen's **Frequently Asked Questions (FAQs)** or contact your NGC attorney.