



Corporate Transparency Act and Beneficial Owner Information Reporting

Starting January 1st, 2024, most small to medium LLCs and corporations will be required to register their entity and beneficial owner information with FinCEN (Financial Crimes and Enforcement Network, [fincen.gov](https://www.fincen.gov)). The exceptions to reporting are for large or other regulated companies, and we expect all our clients to be required to report. Besides LLCs and corporations, any entity created by filing with the Secretary of State or similar office is required to report. Holding companies are not exempt, only an inactive entity with no assets.

As with all things involving FinCEN, failure to report or update business or owner information can incur large fines - \$500 PER DAY. There can also be criminal penalties attached. These fines are imposed on the business even if it is an owner who has failed to keep his information updated. However, the fines and criminal prosecution can also apply to the beneficial owners who cause an entity to fail to be compliant.

JK Associates LLC will NOT be filing BOI reports or updates. You will need to either file the reports online yourself or contract a third party to do so. Beneficial owners own at least 25% of the reporting entity or exercise substantial control over it. While most of our clients will be able to easily identify the beneficial owners, complicated entity structures (such as businesses owned by a family trust) will likely require the services of an attorney.

For those registering themselves, the registration process will be online at [fincen.gov](https://www.fincen.gov); the portal just opened on January 1st 2024. Expect there to be numerous guides available in the upcoming months. Existing entities will have until December 31st, 2024 to register themselves and all beneficial owners. New entities will have 90 days to register from date of formation. If information for a registered company or beneficial owner changes (address or license ID), you will have to update within 30 days. There is no fee to register.

When registering at [FinCEN.gov](https://www.fincen.gov), you will need:

1. A login.gov account
2. For the business: Legal name, current physical address, state formed in, and EIN.
3. All beneficial owners must supply the following: Name, date of birth, residential address, and a copy of your State photo ID (such as your driver's license, must be current) or US Passport. If you are a beneficial owner of more than one entity, you might prefer to set up an individual FinCEN identifier so that you can give the reporting company your FinCEN ID instead of your personal info.

We are aware of two companies offering BOI filing so far if you cannot do this on your own: [FileForms.com](https://www.fileforms.com) and [CorpNet.com](https://www.corpnet.com). However, we have also already heard of scams (they may even have your SDAT ID#!) so feel free to check with us before using a third party to file. If you have an existing company that needs to register, we recommend waiting until closer to the deadline to file; there may be cheaper options, better guides for DIY, and you won't start the clock for reporting changes. But, please do not forget to do the registration!

Please contact us if you need to discuss this reporting requirement or have additional questions.