



Q&A: How to Comply with CTA Reporting Requirements

With SCAPE Mentor, Gary Masner



Today's Presenter, Gary Masner

Gary is the Co- Founder of SCAPE. He earned a Bachelor's in Mechanical Engineering from the Rensselaer Polytechnic Institute in Troy, NY prior to his MBA from Stanford University. He credits his work with McKinsey and Company, international consultants as providing the valuable experience he gained in working on business strategy with companies in various industries. Additional experience includes running a computer company, 10 years in venture capital and starting and selling two companies.



This overview is not to be relied upon as legal and tax advice



The Corporate Transparency Act

- A new federal law designed to combat money laundering and tax evasion
- Will require most small companies or entities to disclose “beneficial ownership information” (BOI)
- Online reporting to Financial Crimes Enforcement Network (FinCEN) a bureau of the U.S. Department of Treasury
- Reporting requirements began on January 1, 2024
- A penalty of \$591 per day, up to a maximum of \$10,000 for late or inaccurate reporting (or imprisonment for up to 2 years)



This Session will Cover:

- Who needs to report to FinCEN
- What information needs to be reported
- When is the reporting due
- How do entities report



Almost all Entities Registered with a State Must Report

- This includes Corporations, LLCs, LPs
- Sole proprietorships and GPs are exempt
- Larger entities are exempt if they have:
 - More than 20 full-time employees, and
 - More than \$5 million of sales revenue, and
 - Have a physical office in the U.S.
- Non-profit - 501(c) - entities are exempt
- Government entities are exempt



What Company/Entity Information Must be Reported?

- Legal name
- Any trade names, "doing business as" (d/b/a)
- Current street address of the principal place of business
- Jurisdiction of formation (state or tribe)
- Taxpayer Identification Number (EIN/SSN) from the IRS
- Information about "Beneficial Owners"
- Information about "Company Applicants"



Who are Beneficial Owners?

- Any individual who owns or controls at least 25% of the "ownership interests" or,
- Exercises "substantial control" - defined as:
 - Senior officers
 - Individuals with authority to appoint senior officers or a majority of the Board
 - Individuals that direct, determine or have substantial influence over important decisions made by the reporting entity

So, most entities will have multiple beneficial owners, and there is no limit



What Information About Beneficial Owners Must be Reported?

- Full legal name
- Date of birth
- Residential address (not business)
- A unique identifying number from a (non-expired) driver's license, passport or other state or federal issued identification
- A copy of the document with the unique identifying number

Note: any beneficial owner can file information directly with FinCEN and receive an identity number - all that would need to be reported



Who are “Company Applicants”

- Company Applicants are:
 - Individuals who directly file documents with the state that create the company/entity, and
 - Individuals primarily responsible for directing or controlling the filing
- Note:
 - Entities formed prior to January 1, 2024 do not have to report company applicants
 - Individuals from law firms or online services that directly file are likely company applicants
 - Maximum of two individuals need be reported



What Information About Company Applicants Must be Reported?

- Full legal name
- Date of birth
- Business address (not residential)
- A unique identifying number from a (non-expired) driver's license, passport or other state or federal issued identification
- A copy of the document with the unique identifying number



Timing of Reporting Varies

- A company/entity formed before January 1, 2024 has until the end of 2024 to complete reporting
- Company/entity formed after January 1, 2024 has 90 days from formation date
 - Note a conversion to a corporation is a new entity
- Company/entity formed after January 1, 2025 has 30 days to report



Updates and Corrections Reporting

- Updated reports must be filed within 30 days of a change to any information about the company or beneficial owners, including:
 - New or removed beneficial owners (including officers)
 - Death, marriage or name change of a beneficial owner
 - An address change of a beneficial owner
 - When the document with the beneficial owner's identifying number expires – a new document with an ID number is needed



How to File

- FinCEN has created an e-filing capability at: <https://www.fincen.gov/boi>
- This site also contains additional information, including a "Small Entity Compliance Guide" and FAQs
- The company will receive an identifying number from FinCEN

Note: Reported information is confidential except for law enforcement and some banks

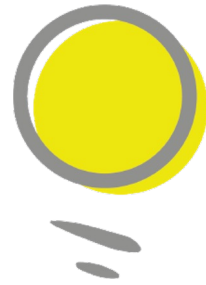


Q&A

What questions do you have?



THANK YOU FOR SHINING YOUR LIGHT



www.goscape.org | 970-317-0880 | emarsh@goscape.org

