

Oklahoma Tax Attorney David Potts - Corporate Transparency Act Guidelines to Know

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Beginning January 1, 2024, the Corporate Transparency Act (“Act”) will require certain U.S. legal entities and foreign entities registered to do business in the United States that qualify as “reporting companies” to file Beneficial Ownership Information (“BOI”) with the U.S. Treasury’s Financial Crimes Enforcement Network (“FinCEN”). A “reporting company” is any business entity that is formed by filing with the Secretary of State or similar office, *unless* otherwise exempt. There are a number of exemptions to what qualifies as a “reporting company” (e.g., large operating companies, financial institutions, public companies, etc.), however, the Act’s provisions largely target small to mid-size companies. A “beneficial owner” of a “reporting company” is an individual who either directly or indirectly: (1) exercises substantial control, or (2) owns or controls at least 25% of the “reporting company’s” ownership interests.

In its “BOI” a “reporting company” will have to report:

1. Its legal name;
 2. Any trade names, “doing business as” (d/b/a), or “trading as” (t/a) names;
 3. The current street address of its principal place of business if that address is in the United States, or, for reporting companies whose principal place of business is outside the United States, the current address from which the company conducts business in the United States;
 4. Its jurisdiction of formation or registration;
 5. Its Taxpayer Identification Number; and
6. A reporting company will also have to indicate whether it is filing an initial report, or a correction or an update of a prior report.

For each individual who is a beneficial owner, a reporting company will have to provide:

1. The individual's name;
2. Date of birth;
3. Residential address;
4. An identifying number from an acceptable identification document such as a passport or U.S. driver's license, and the name of the issuing state or jurisdiction of identification document; and
5. The reporting company will also have to report an image of the identification document used to obtain the identifying number in item 4.

For entities formed before 2024, the reporting deadline is December 31, 2024. The reporting deadline for entities formed on or after January 1, 2024, and before January 1, 2025, is ninety days after receiving notice of the entity's creation or registration. A reporting company formed after January 1, 2025, has thirty days from creation or registration to file its initial BOI. If a reporting company fails to file a BOI, it may result in significant penalties. Accordingly, reporting companies and their advisors should familiarize themselves with the Act filing requirements now.

Attorneys

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