

Corporate Transparency Act Client Letter

Dear Client,

In 2021 Congress passed the Corporate Transparency Act aimed at reducing money laundering. It is a small business reporting requirement with potential penalties including prison for committing a felony by not reporting. Let me repeat that failing to fill out this form is a potential felony with two years of prison time, plus a potential \$500 daily penalty.

If your business is an LLC or corporation, including a single member LLC, you must fill out this form by the end of 2024, and if you started a new business in 2024, you should have reported within 30 days of formation. You will also have additional filing requirements any time there is a change in name, address, and/or beneficial ownership.

Reporting is done on a special electronic filing system with [the Treasury Department's Financial Crimes Enforcement Network](#) (Not the IRS).

Initial Reporting:

- New companies formed after 1/1/2024 within 30 days of formation.
- Existing companies formed before 1/1/2024 by 1/1/2025.

Updates: Within 30 days of change in beneficial ownership, name or address change

Annual reporting: None

The required information for reporting includes information about owners and, for new businesses formed in 2024, the company applicants. To clarify, even if you have set up an LLC just to own a rental property, this form is required. If you control multiple companies, a separate filing and form is required for every single entity, whether an LLC, an S-Corporation, or a C-Corporation. Some exemptions exist, primarily for larger companies and not-for-profit entities. We are particularly concerned about folks that have set up their own LLC online, for whom the potential filing penalty is also \$500 for each day late plus potential prison time.

We are unable to complete this form for you. We recommend one of the following:

(1) Do it yourself – there is no charge to file this report. This video walks through how to report beneficial ownership information (BOI) using the Financial Crimes Enforcement Network (FinCEN)'s E-Filing System.

<https://www.youtube.com/watch?app=desktop&v=GydCvfbKxPw>

(2) Contact your lawyer

Corporate Transparency Act Client Letter

(3) Trusted Third party- such as [CorpNet](#)

So that you can be prepared, you should be aware that the reporting requires all of the following information:

For the Company or Entity:

1. Full legal name according to the Secretary of State (download a “good standing” report),
2. Any trade and “doing business as” names,
3. A complete current street address of the principal place of business (*A P.O. Box or the address of a 3rd party agent does not comply with this requirement*),
4. The state, tribal or foreign jurisdiction of formation,
5. The IRS Taxpayer Identification Number.

PLEASE NOTE: A change of any of these 5 items at any time must also be reported within 30 days to the Financial Crimes Enforcement Network, including an address or owner change.

For the Owners and Applicants:

For each owner of at least 25% of the entity (directly or indirectly), the reporting must include **for each owner**:

1. Legal name and date of birth,
2. Address,
3. Unique identifying number and the issuing jurisdiction from one of the following documents: (i) a non-expired passport issued to the individual by the United States government, (ii) or a non-expired identification document issued to the individual by a State, local government, or Indian tribe for the purpose of identifying the individual, (iii) or a non-expired driver’s license issued to the individual by a State, or (iv) a non-expired passport issued by a foreign government to the individual, if the individual does not possess any of the other documents described, and
4. An image of the document from which the unique identifying number (above #4) was obtained. Additionally, the rule requires that reporting companies created after January 1, 2024, provide the four pieces of information and document image for company applicants.

Corporate Transparency Act Client Letter

PLEASE NOTE: A change of any of these 4 items at any time must also be reported within 30 days to the Financial Crimes Enforcement Network, including an address or owner change.

At the present time there are **NO** extensions available.

Because of the incredible amount of confidential information that must be provided, we strongly emphasize that you do NOT use **unknown** third-party solicitors, which we expect to soon emerge, because they could use this confidential information to steal your or your company's identity or data.

We understand this new requirement is confusing and can appreciate any frustrations or other reactions to it. We are right there along with you! However, given all that we know and have watched unfold surrounding this issue, our goal was to inform you and support you as best we can by providing you with as much information as possible. As you can imagine, there is litigation pending, so we are not pushing for immediate submission, but rather to get you comfortable with what the current requirements are. We will continue to update you as more information becomes available.

Sincerely,

J&J Financial