



Dear PSK Client,

Beginning in 2024, the Corporate Transparency Act (CTA) established new reporting requirements for businesses to report beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FINCEN). While the CTA established some exceptions from the filing requirements, the large majority of entities operating in the United States will still be required to disclose to FINCEN, individuals who own or establish control with an entity.

Both domestic and foreign "reporting companies" are obligated to comply with the CTA. Reporting companies include domestic corporations, limited partnerships, limited liability companies, and similar entities, as well as foreign entities registered to do business in the U.S. Exceptions to reporting requirements are provided for various entities, such as publicly traded companies, accounting firms, banks, and governmental authorities. Domestic entities that are not created by the filing of a document with a secretary of state or similar office are not required to report under the CTA.

The CTA also exempts "large operating companies" meeting specific criteria related to the number of employees, U.S. office presence, and reported gross revenue. Entities not qualifying for exemptions must file reports with FinCEN, disclosing information about the entity and its beneficial owners in a timely manner.

Existing companies formed or registered before January 1, 2024, must file an initial report by January 1, 2025, while those formed or registered after that date must file annual reports within 90 calendar days of formation or registration. Updates to information must be reported within 30 calendar days of changes. Non-compliance may lead to civil penalties and criminal sanctions.

It is crucial to note that the CTA falls under Title 31 (Money and Finance) of the United States Code, not Title 26 (Internal Revenue Code). As a result, accountants may face limitations in interpreting Title 31, and services related to the CTA may be considered the "practice of law." PSK, LLP, therefore, cannot provide technical advice on the CTA or prepare required reports. Clients are advised to consult legal counsel for guidance on CTA compliance.

This information is meant to be general-only and should not be applied to your specific facts and circumstances without consultation with competent legal counsel. If you have any questions about these new reporting rules and how they affect your business, we would be happy to discuss them with you and provide you with recommendations for legal counsel assistance.

To find more information on the BOI Reporting requirements: <https://www.fincen.gov/boi-faqs>

Sincerely,

PSK LLP