

## Important Filing Deadline: The U.S. Corporate Transparency Act



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### ALERTS

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As we approach the final quarter of 2024, we wanted to remind you of the rapidly approaching deadline for the new **Beneficial Ownership Information (BOI)** reporting requirements under the U.S. Corporate Transparency Act (CTA). As of this month, it is estimated that roughly four million of the expected 32.6 million reporting companies have submitted their initial BOI reports. As such, we expect a flurry of filings in the coming months as non-exempt companies formed or registered in the U.S. prior to January 1, 2024, **have until January 1, 2025**, to file their initial BOI reports. **Please contact your attorney at Wilson Sonsini for more information on compliance with these BOI reporting requirements.**

We will be hosting a webinar discussing how best to comply with these BOI reporting requirements on October 23, 2024, at 11:00 a.m.-noon (PT) / 2:00 p.m.-3:00 p.m. (ET), which will be open to all Wilson Sonsini clients. You can register at the following link: [https://info.wsgr.com/EV-2024-10-23-CorporateTransparencyAct\\_Registration.html](https://info.wsgr.com/EV-2024-10-23-CorporateTransparencyAct_Registration.html).

### Important Highlights

These new BOI reporting requirements came into effect on January 1, 2024. For the first time, many U.S. companies may be required to affirmatively disclose information about their officers, directors, and key stakeholders to the Financial Crimes Enforcement Network (FinCEN), the anti-money laundering arm of the U.S. Treasury Department.

#### 1) Who Must Report?

These BOI reporting requirements apply to domestic and foreign “*Reporting Companies*.” “*Domestic Reporting Companies*” are corporations, limited liability companies, and other entities created by filing a document with a secretary of state or similar office under state or tribal law. “*Foreign Reporting Companies*” are corporations, limited liability companies, and other entities formed under the laws of a foreign country and registered to do business in any state or tribal jurisdiction by filing a document with a secretary of state or other similar office under state law or tribal law.

There are 23 types of businesses which are expressly excluded from the definition of a “Reporting Company” (and which, as a practical matter, are exempt from these BOI reporting requirements). Many of these exemptions apply to entities in regulated industries, such as securities reporting issuers, other Exchange Act registered entities, depository institution holding companies, broker-dealers, investment advisers, venture capital fund advisers, investment companies, pooled investment vehicles, and money services businesses. Large operating companies, tax-exempt entities,

and subsidiaries of certain exempt entities are additional exemptions which may be more relevant for private Reporting Companies.

## 2) When Must a Report Be Filed?

Reporting Companies created or registered before January 1, 2024, have until January 1, 2025, to file their initial BOI report. Reporting Companies created or registered in 2024 have 90 calendar days after creation or registration, as applicable, to file their initial BOI report. Reporting Companies created or registered on or after January 1, 2025, will have only 30 calendar days after creation or registration, as applicable, to file their initial BOI report.

## 3) What Information Must Be Reported?

Each Reporting Company is required to disclose in its initial BOI report the following information about itself:

1. Its full legal name
2. Any trade name or d/b/a name
3. The current street address of its principal place of business in the U.S., where applicable, and in all other cases the current street address of its primary U.S. location
4. The state, tribal, or foreign jurisdiction of formation
5. For Foreign Reporting Companies, the state or tribal jurisdiction where the company is registered
6. Its IRS Taxpayer Identification Number (TIN)

Reporting Companies must also include information in their initial BOI report 1) for each “Beneficial Owner,” and 2) for newly formed companies, no more than two “Company Applicants.” A “*Beneficial Owner*” is, subject to certain exceptions, any individual who, directly or indirectly, either:

- exercises “substantial control” over the Reporting Company; and/or
- owns or controls at least 25 percent of the ownership interests of the Reporting Company.

A “*Company Applicant*” is:

- the individual who directly files the document that creates or registers the Reporting Company; and
- if more than one person is involved in filing the document that creates or registers the Reporting Company, the individual who is primarily responsible for directing or controlling that filing.

Company Applicant information is not required for Reporting Companies created or registered before January 1, 2024.

Each Beneficial Owner or Company Applicant is required to provide the following information to the Reporting Company to be included in its BOI report:

1. Their full legal name
2. Their date of birth
3. Their current residential address (Company Applicants may use their business address if they created or registered the Reporting Company in their regular course of business)
4. A unique identifying number, and the issuing jurisdiction, from a nonexpired government issued identification document
5. An image of that identification document showing its unique identifying number

## 4) Additional Information

Reporting Companies will have an *ongoing* responsibility to file “updated reports” whenever there is any change in the required information previously submitted to FinCEN. Reporting Companies will have only 30 days from the date of such change to file an updated report. Additionally, Reporting Companies must file a “corrected report” within 30 days of becoming aware that any previously filed report contains inaccurate information.

Penalties for noncompliance can include fines up of to \$500 per day and up to two years in prison. FinCEN has stated that the ultimate responsibility for compliance with these new BOI reporting requirements, including the ongoing obligation to file updated and corrected reports, *lies with the Reporting Company*. Therefore, it is important to contact your attorneys to discuss the applicability of

these new BOI reporting requirements to your company and how best to comply with these regulations.

**Please contact your attorney at Wilson Sonsini for more information on the new BOI reporting requirements.**