

## THE CORPORATE TRANSPARENCY ACT SUMMARY

The Corporate Transparency Act (“CTA”) is a federal law requiring “Reporting Companies” to file certain beneficial ownership-related information reports (BOIR) with the U.S. Department of Treasury’s Financial Crimes Enforcement Network (“FinCEN”). It requires both existing and new entities in the US to file reports with FinCEN regarding entity ownership and control.

### Reporting Company:

An entity is considered to be a Reporting Company if it was formed by filing a document with a Secretary of State or similar agency, or an Indian tribe. Both domestic and foreign companies doing business in the US are reportable if they do not fall under one of the 23 exemptions. Exemptions include, but are not limited to, sole proprietorships, general partnerships, and tax-exempt entities.

### Reporting Company Examples:

- Single-member LLC formed to hold rental property
- Corporation used for personal services
- A family limited partnership

A Reporting Company is required to file the following information:

- Legal Name
- Legal name, trade name or “doing business as” (DBA)
- Complete current US street address for principal place of business
- Jurisdiction of formation - State or Tribe of jurisdiction (or for foreign reporting companies, State or Tribal jurisdiction of first registration); and
- Tax Identification Number (TIN) of entity (if a foreign reporting company has not been issued a TIN, the reporting company’s foreign tax ID and the name of the issuing jurisdiction).

### Beneficial Owners:

An individual that exercises substantial control or owns/controls at least 25% of the Reporting Company’s interest will be considered a Beneficial Owner per the CTA and will need to file a BOIR:

- a) Exercises substantial control over the Reporting Company, including, but not limited to:
  - a. An individual that is a senior officer;
  - b. An individual that has authority to appoint or remove certain officers or a majority of directors of the reporting company;
  - c. An individual that is an important decision-maker;
  - d. An individual that has any other form of substantial control over the reporting company; OR

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- b) Owns or controls at least 25% of the company's interest (direct or indirect), including, but not limited to any of the ownership interests:
- a. Equity, stock, or voting rights;
  - b. A capital or profit interest;
  - c. Convertible instruments;
  - d. Options or other non-binding privileges to buy or sell any of the foregoing; and
  - e. Any other instrument, contract, or other mechanism used to establish ownership

### Beneficial Owners Examples:

- 3 siblings form an LLC for a shared investment of nominal value and sporadic income;
- The trustee or sole beneficiary of a trust that owns at least 25% of a corporation
- A senior officer of a company (regardless of beneficial ownership)

### A Beneficial Owner is required to file the following information:

- Full Legal Name
- Date of Birth
- Street Address (no PO Box)
- A unique identifying number from any of the following unexpired documents:
  - US Passport;
  - State/Tribe ID card;
  - State Driver's License;
  - And the issuing jurisdiction (if none of the above are available, a foreign passport); and
- An image of the ID used as the unique identifying number

For entities formed after January 1, 2024, the Company Applicant must file as well. The Company Applicant includes 1) the person who directly files formation documents and 2) the person primarily responsible for directing the filing.

To streamline filing and help maintain privacy a Reporting Company and a Beneficial Owner may obtain a FinCEN identifier, which is a unique identification number. The FinCEN identifier can be obtained through <https://fincenid.fincen.gov/landing>). A FinCEN ID will allow the individual to keep their personal information from being passed out to multiple entities that may need to report the individual. It also allows for the individual to keep FinCEN advised of their personal changes, such as new address or name change, versus the company needing to file an updated BOIR when these changes occur.