

Important New Reporting Requirement for Businesses (FinCEN Reporting)



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If you are a business owner, understanding the Corporate Transparency Act is critical.

Beginning January 1, 2024, many U.S. businesses will be required to file reports to the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN). The purpose of the Corporate Transparency Act (CTA) is to prevent terrorist financing, corruption, tax fraud, and other illicit activities.

Under the CTA certain companies, meeting certain requirements, must file reports to FinCEN disclosing the company's owners (known as Beneficial Owners) and individuals responsible for filing state documentation. Certain categories of entities are exempt from filing the CTA reports to FinCEN (such as banks, domestic credit unions, insurance companies, and accounting firms, among others).

It is crucial that every business owner assesses if FinCEN's reporting obligations apply to their businesses. If a company that is required to report fails to report their information to FinCEN timely or provides false information, there are large penalties, including fines and prison sentences, that can be levied against the company and its owners.

If a company existed prior to January 1, 2024, the company must file with FinCEN by January 1, 2025. If the company is created on or after January 1, 2024, the company has 90 days from date of incorporation or formation to file with FinCEN. Reporting will occur online, through FinCEN's website (<https://www.fincen.gov/boi>).

More information about the Corporate Transparency Act can be found [here](#).

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