

# All Small Business Entities in the US Subjected to New Federal Self-Reporting

*Under the Corporate Transparency Act (CTA), US Federal Government Imposes New Reporting Requirements on All Small Business Entities, Effective January 1, 2024*

BOULDER, CO, USA, February 9, 2023 /EINPresswire.com/ -- Starting January 1, 2024, under the Corporate Transparency Act, all small businesses operating as business entities will be subject to new federal self-reporting requirements. The ostensible purpose of the new Beneficial Owner Information (BOI) reporting is "to help prevent criminals, terrorists,

proliferators, and corrupt oligarchs from hiding illicit money or other property in the United States." Current official information regarding implementation of the CTA is available on the website of the government's Financial Crimes Enforcement Network, FinCEN.

<https://www.fincen.gov/boi>

All individuals connected directly or indirectly with a small business should study the rules (or pay a professional to do it) to learn how and when their business entities are subject to reporting. The rules cover essentially six topics: Reporting Company; Beneficial Owner; Company Applicant; unique identification number; Beneficial Owner Information (BOI) report; effective reporting dates.

## Reporting Company

A CTA domestic reporting company is a corporation, limited liability company (LLC) or other entity that was created by the filing of a document with the secretary of state or equivalent regulatory office of any state or tribal agency. A foreign reporting company is any entity that was formed in a foreign country and has registered to do business by filing a document with the secretary of state or equivalent regulatory office of any state or tribal agency. There are roughly 20 exceptions, but perhaps the most relevant exception is for a "large operating company" that



Small Business -- Get Ready for Corporate Transparency Act

has both (a) revenues of at least \$5 million AND (b) at least 20 employees. In itself, a trust would typically not be a Reporting Company because trusts generally are not created by filing a document in an official office.

#### Beneficial Owner(s)

A reporting company must submit a BOI report for all Beneficial Owners. A Beneficial Owner is any individual who, directly or indirectly, (a) substantially controls a reporting company or (b) who owns or controls 25% or more of a reporting company's ownership interests. If a trust owns all or part of a Reporting Company, trustee(s) and/or one or more trust beneficiaries might be Beneficial Owners of the Reporting Company.

#### Company Applicant(s)

A Company Applicant is an individual (a) who actually files the paperwork that creates a Reporting Company, or (b) who oversees the individual who filed the paperwork.

#### Unique Identification Number

Required information for each Reporting Company, Beneficial Owner and Company Applicant includes a unique identification number. For an entity this might be an EIN; for an individual, a social security number. Most practical, however, especially for multiple BOI reports, is a "FinCEN identifier", for which any entity or individual can apply.

#### Beneficial Owner Information (BOI) Report

A BOI report contains information regarding the Reporting Company, Company Applicant(s) and every Beneficial Owner. (Exception: for a Reporting Company formed before January 1, 2024, Company Applicant info is not required BOI.) Regarding the Reporting Company, a BOI report includes the entity name (and any d/b/a), principal business address, jurisdiction of formation, and a unique identification number. For an individual Beneficial Owner, a BOI report includes name, residential address, date of birth, and a unique identification number. For an individual Company Applicant, a BOI report includes name, business address, date of birth, and a unique identification number.

#### Effective Dates for Initial BOI Report and Changes

The BOI reporting requirements become effective January 1, 2024. Any Reporting Company formed or registered prior to January, 2024, must file a BOI report within 12 months, that is, before January 1, 2025. Such an entity need not file information about Company Applicants. Any Reporting Company formed or registered on or after January 1, 2024, must file an initial BOI report within 30 days of filing its formation or registration document. After filing of the initial BOI report, any change in information must be filed in a new report within 30 days of the change. A change could be, for example, a change of Beneficial Owner, an address change, a change in "large company" status.

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