



WILLIS & JURASEK

CPAS AND CONSULTANTS

Dear Clients and Friends

Please don't overlook this important reminder!

As of January 1, 2024 many businesses are required to complete the **Beneficial Ownership Information Report** (BOI) as part of the Corporate Transparency Act (CTA). The penalties for not filing timely are steep...\$591 per day up to \$10,000 or two years in prison. Required filing due dates are currently:

- Within 90 days of formation if you started a new entity on or after January 1, 2024
- Within 30 days of formation if you start a new entity on or after January 1, 2025
- For entities formed prior to December 31, 2023 you are required to file **before January 1, 2025**.
- The registration should be part of your new entity formation paperwork going forward

This new reporting obligation is going through the court system to determine its constitutionality ...but for now this is a valid piece of the CTA and we are advised to abide by the requirements in a timely manner.

Are you a required "Reporting Company"?

- Any entity that is...
 - created by the filing of a document with the secretary of state or a similar office (example LARA) under the law of a State or Indian tribe or (C Corps, S Corps, Limited Partnerships and LLCs)
 - is formed under the laws of a foreign country and registered to do business in the United States by the filing of a document with a secretary of state or a similar office under the laws of a State or Indian tribe.
 - Most entities will be obvious however disregarded entities filed as part of an individual income tax return Schedule C or Schedule E or Schedule F may be incorrectly overlooked, so need caution

Are you "Exempt" from Reporting Company status?

- There are 23 exemptions, most of which involve entities already subject to regulation by governmental authorities (see website for listing)
- One significant exemption is the large operating company (must meet all three items)
 1. Employs more than 20 employees on a full-time basis
 2. Filed a tax return in the previous year showing more than \$5,000,000 in sales
 3. Has an operating presence at a physical office inside the United States

Who is the Beneficial Owner?

- An individual who owns or controls at least 25% of the "ownership interests" which could include equity, stock or similar interest aggregated.
- An individual who exercises substantial control over a reporting company includes a senior officer or high level decision maker or has the authority to appoint/remove officers or directors
- There is no limit on the number of possible beneficial owners

Who is the Company Applicant?

- Reporting Companies formed or registered on or after January 1, 2024 will need to include this information
 - Direct Filer – individual who directly files the document that creates the entity
 - Directs or Controls the Filing Action – individual who is primarily responsible for directing or controlling such filing (attorney, paralegal etc.)

This is just a brief summary of the key points regarding the filing of the BOI form. You can complete the form yourself on the FinCEN website [boiefiling.fincen.gov](https://www.boiefiling.fincen.gov) You will need to answer generalized questions and upload a copy of your unexpired passport or current driver's license of the Beneficial Owner(s) and possibly the Company Applicant (if applicable). If you would like assistance, we are more than happy to help, please contact our offices: Jackson 517-788-8660 or Grand Rapids 616-361-0011.

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