



The Corporate Transparency Act: What You Need to Know Ahead of the January 1, 2025 Deadline

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The January 1, 2025 deadline for any “reporting company” formed prior to January 1, 2024 to file a Beneficial Ownership Information Report (“BOIR”) with the Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) under the Corporate Transparency Act (the “CTA”) is quickly approaching. If you have not yet filed a BOIR or determined whether your company is required to do so under the CTA, this article will provide you with an overview of the most frequently asked questions regarding the CTA, its requirements, deadlines, penalties and most recent updates.

What is the CTA?

The CTA came into effect on January 1, 2024 as part of the Anti-Money Laundering Act of 2020 and was enacted to combat money laundering, terrorist financing and other financial crimes. The CTA promotes transparency of certain business entities by requiring each domestic and foreign entity that qualifies as a “reporting company” to file a BOIR with FinCEN. The BOIR requires reporting companies to disclose information about the reporting company itself as well as its owners and other persons who exercise substantial control over the reporting company, and, for all entities formed on or after January 1, 2024, the individuals who filed, and directed the filing of, the formation/registration documents of the reporting company with the Secretary of State. Although there are several exemptions to the CTA as outlined on [Appendix A](#), it is likely that many companies, both large and small, will be deemed reporting companies and must comply with the CTA.

When does my company have to file?

Reporting Company Date of Formation/Registration	Deadline to File Initial BOIR with FinCEN
Prior to January 1, 2024	No later than January 1, 2025
Between January 1, 2024 and December 31, 2024	90 days from the date of formation or registration
On or after January 1, 2025	30 days from the date of formation or registration

What happens if I don't comply with the CTA by the deadline?

A person who willfully violates the BOIR requirements of the CTA may be subject to (1) **civil penalties** of up to \$500 for each day that the violation continues, adjusted annually for inflation (as of January 25, 2024, this amount is \$591), and (2) **criminal penalties** of up to two years imprisonment and a fine of up to \$10,000. Potential violations include willfully failing to file a BOIR, willfully filing false beneficial ownership information, or willfully failing to correct or update previously reported beneficial ownership information.

Both individuals and corporate entities can be held liable for willful violations. This can include not only an individual who actually files (or attempts to file) false information with FinCEN, but also anyone who willfully provides the filer with false information to report. Both individuals and corporate entities may also be liable for willfully failing to report, complete or update beneficial ownership information; in such circumstances, individuals can be held liable if they either cause the failure or are a senior officer at the company at the time of the failure.

How do I know if my company is a "Reporting Company" subject to the CTA?

Your entity is most likely a "reporting company" if it is (1) a corporation, limited liability company, or other entity created by filing a formation document with a Secretary of State within the U.S., or (2) a foreign company that is registered with a Secretary of State or similar office to do business in the U.S.

However, the CTA does provide a list of **23 exemptions** that may apply to your entity. If your entity meets the specific criteria for an exemption, you will not be required to file a BOIR under the CTA. A few notable exemptions are listed below (and a full list of exemptions can be found on [Appendix A](#)):

- Public Companies (Securities and Exchange Act issuers)
- Investment Companies (pursuant to Section 3 of the Investment Company Act) and Investment Advisers (pursuant to Section 202 of the Investment Advisers Act), in each case, registered with the SEC
- Certain tax-exempt entities
- Large operating companies ("LOC") – an entity is an LOC if it (1) employs more than 20 full-time employees in the U.S. (independent contractors, leased employees, and, for an S corporation, any shareholders owning two percent (2%) or more of the entity, do not count as employees), (2) generates more than \$5,000,000 in annual gross receipts (as reported in the federal income tax returns of the year prior), and (3) has an operating presence at a physical office in the U.S. that it owns or leases.
- Subsidiaries of most (but not all) exempt entities

If you determine that your company is not a reporting company under the CTA, it does not have to report that it is exempt to FinCEN. However, if your entity later loses its exemption, it must file an initial BOIR within 30 days of losing that exemption.

[FinCEN's Small Entity Compliance Guide](#) includes helpful information about each of the 23 exemptions FinCEN has outlined and checklists to help you determine whether a company qualifies for an exemption. Please carefully review the qualifying criteria and each of the exemptions before concluding that a company is exempt from CTA reporting.

It looks like I have a Reporting Company that does not qualify for an exemption. How do I determine who is a "beneficial owner"?

Once you determine your entity must file a BOIR, you need to identify the "beneficial owners" for your entity. A reporting company must disclose all of its beneficial owners and provide certain required personal identifying information and corresponding documents for each beneficial owner.

The CTA defines a “beneficial owner” as an individual who, directly or indirectly, either (1) exercises **substantial control** over a reporting company, or (2) owns or controls at least **25% of the ownership interests** of a reporting company.

1. **Substantial Control:** An individual has “substantial control” if the individual:
 - Is a senior officer of the reporting company, such as the President, Chief Executive Officer, Chief Financial Officer, General Counsel, Chief Operating Officer, or any other officer who performs a similar function;
 - Has the authority to appoint or remove senior officers or a majority of directors;
 - Exerts substantial influence over important decisions regarding the business, finances or structure of the reporting company, including, but not limited to: (a) the nature, scope, and attributes of the reporting company (e.g., the sale, lease, mortgage, or other transfer of principal assets), (b) any reorganization, dissolution, or merger, (c) the selection or termination of business lines or ventures, (d) any compensation schemes or incentive programs for senior officers, or (e) the entry into or termination of significant contracts; or
 - Otherwise has substantial control over the reporting company (e.g., through a parent or intermediary entities, through rights associated with a financing arrangement, or through other financial or business arrangements, whether formal or informal).
2. **25% Ownership Interest:** This test relates to all direct and indirect owners and may include reviewing intermediary entities. In order to conduct an ownership analysis of the reporting company, you will need to consider all of the following types of ownership interest (on a fully diluted basis):
 - Equity, stock, or voting rights;
 - A capital or profit interest;
 - Convertible instruments;
 - Options or other non-binding privileges to buy or sell any such interests; and
 - Any other instrument, contract or other mechanism used to establish ownership.
3. **Beneficial Owner Exceptions:** The CTA identifies five (5) groups of individuals who may otherwise be beneficial owners, but for one of the following exceptions:
 - Minor children (the reporting company should instead report the information of the minor’s parent or legal guardian);
 - Nominee, intermediary, custodian, or agent (an individual merely acting on behalf of an actual beneficial owner, e.g. tax professionals);
 - Employee (but only if that employee is not a senior officer and the employee’s substantial control over the reporting company is derived solely from the employee’s employment status);
 - Inheritor (the individual’s only interest in the reporting company is a future interest through right of inheritance); and
 - Creditor (an individual who would meet the definition of a beneficial owner of the reporting company solely through rights or interests for the payment of a predetermined sum of money, such as a debt incurred by the reporting company, or a loan covenant or similar right associated with such right to receive payment).

What information does each beneficial owner need to provide?

The information that must be provided for each beneficial owner includes his or her (1) full legal name, (2) date of birth, (3) residential street address (this cannot be a company address), (4) ID number and issuing jurisdiction of a non-expired US passport, driver's license, or other government-issued ID, and (5) an image/photocopy of such ID. A significant amount of the information a reporting company must collect and report may qualify as personal data under state and federal privacy laws. Entities governed by these laws must take various measures to comply with privacy laws while ensuring their reporting obligations.

For this reason, reporting companies may consider requiring their beneficial owners to provide the reporting company with a "FinCEN ID" in lieu of collecting the beneficial owners' personal information. The FinCEN ID number can then be provided on a BOIR in lieu of the items above. This is also helpful if an individual is a beneficial owner with respect to more than one reporting company, and will need to report information on multiple BOIRs. Individuals can apply for a FinCEN ID at <https://fincenid.fincen.gov/landing>.

Is there any other information my reporting company will need to provide to FinCEN?

In addition to the information of each beneficial owner, your entity will need to provide certain **company information**, including its name, all trade names or DBAs, the current address of its principal place of business in the U.S., its state of formation or registration, and its IRS Taxpayer Identification Number ("TIN") or, if it has no TIN, a tax number issued by a foreign jurisdiction.

Additionally, if the entity was formed on or after January 1, 2024, the reporting company will need to disclose the information of a minimum of one (1) and maximum of two (2) **company applicant(s)**. A "company applicant" as an individual that either (a) directly filed the document that created or registered the entity with the Secretary of State, or (b) is primarily responsible for directing or controlling the filing of the formation or registration documents by another.

What happens if information on my BOIR changes or I find a mistake?

A reporting company must update or correct a BOIR if the information included on a filed BOIR changes or the reporting company becomes aware or has reason to know of an inaccuracy. In the case of an update, the reporting company must submit an updated BOIR within 30 days of the change. In the case of a correction, a reporting company must submit a corrected BOIR within 30 days after becoming aware or having reason to know of such inaccuracy. Note that the requirement to update a BOIR does not apply to any change to a *company applicant's* identifying information.

Recent Key Updates

CTA Litigation

There are several lawsuits in both federal and state courts challenging the constitutionality of the CTA currently pending. On March 1, 2024, in the Northern District of Alabama, in *National Small Business United v. Yellen*, Case No. 5:22-cv-01448 (N. D. Ala. Mar. 1, 2024), the court held that the CTA could not be justified as a constitutional exercise of Congress's powers. The district court permanently enjoined any requirements for registration as well as any potential penalties for noncompliance, but only for the specific plaintiffs in the case. The case is currently on appeal to the Eleventh Circuit Court of Appeals, Case No. 24-10736. On the other hand, on September 20, 2024, the U.S. District Court for the District of Oregon found in favor of the federal government in *Firestone v. Yellen*, Case No. 3:24-cv-1034-SI (D. Ore.). The Order denied the plaintiffs' motion for a preliminary injunction, finding that they had not demonstrated likelihood of success on the merits with respect to their list of constitutional arguments. Lawsuits challenging the CTA on constitutional grounds have also been filed in the federal district courts of Ohio, Maine, Michigan and Texas. Notwithstanding current litigation and until further notice, the CTA remains in effect for all reporting companies and failing to timely file a BOIR could result in civil and criminal penalties.

State-Specific Frameworks

Individual states, including California, Maryland, Massachusetts and others, continue to consider their own individual frameworks for corporate transparency requirements. In New York, legislation has already been enacted. The New York LLC Transparency Act (“NY LLCTA”) will require limited liability companies formed or qualified to do business in New York State to report individual beneficial ownership information to the New York Department of State. The NY LLCTA will become effective on January 1, 2026. As the legislative landscape continues to take shape, it is important for companies to keep apprised of potential state-specific obligations and continue to comply with the federal CTA requirements already in effect.

BOIR Relief to Victims of Recent Natural Disasters

FinCEN announced that certain victims of Hurricane Milton, Hurricane Helene, Hurricane Debby, Hurricane Beryl, and Hurricane Francine will receive an additional six months to submit BOIRs, including updates and corrections to prior reports. FinCEN has issued five Notices, which can be found on the FinCEN website, extending the filing deadlines for reporting companies that (1) have an original reporting deadline beginning one day before the date the specified disaster began and ending 90 days after that date, and (2) are located in an area that is designated both by the Federal Emergency Management Agency as qualifying for individual or public assistance and by the Internal Revenue Service as eligible for tax filing relief.

FinCEN FAQs

FinCEN continues to provide published guidance in the form of “Frequently Asked Questions” to help companies understand their reporting obligations. We have compiled a short list of the most common and helpful FAQs as set forth on [Appendix B](#).

Additional information about the CTA requirements can be found at the following FinCEN websites:

- *FinCEN’s website regarding beneficial ownership information* (<https://www.fincen.gov/boi>)
- *FinCEN’s BOI Brochure* (<https://www.fincen.gov/sites/default/files/shared/BOI-Informational-Brochure-April-2024.pdf>)
- *FinCEN’s Small Entity Compliance Guide* (https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide.v1.1-FINAL.pdf)
- *FinCEN’s BOIR Frequently Asked Questions* (<https://www.fincen.gov/boi-faqs>)

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APPENDIX A**23 Exemptions to the CTA's Beneficial Ownership Reporting Requirement**

1. **Securities reporting issuer:** Any issuer of securities that is: (A) an issuer of a class of securities registered under Sec. 12 of the Securities Exchange Act of 1934, or (B) required to file supplementary and periodic information under Sec. 15(d) of the Securities Exchange Act of 1934.
2. **Governmental authority:** Any entity that: (A) is established under the laws of the United States, an Indian tribe, a State, or a political subdivision of a State, or under an interstate compact between two or more States, and (B) exercises governmental authority on behalf of the United States or any such Indian tribe, State, or political subdivision.
3. **Bank:** Any bank, as defined in: (A) Sec. 3 of the Federal Deposit Insurance Act, (B) Sec. 2(a) of the Investment Company Act of 1940, or (C) Sec. 202(a) of the Investment Advisers Act of 1940.
4. **Credit union:** Any Federal credit union or State credit union, as those terms are defined in Sec. 101 of the Federal Credit Union Act.
5. **Depository institution holding company:** Any bank holding company as defined in Sec. 2 of the Bank Holding Company Act of 1956, or any savings and loan holding company as defined in Sec. 10(a) of the Home Owners' Loan Act.
6. **Money services business:** Any money transmitting business registered with FinCEN under 31 U.S.C. 5330, and any money services business registered with FinCEN under 31 CFR 1022.380.
7. **Broker or dealer in securities:** Any broker or dealer, as those terms are defined in Sec. 3 of the Securities Exchange Act of 1934, that is registered under Sec. 15 of that Act.
8. **Securities exchange or clearing agency:** Any exchange or clearing agency, as those terms are defined in Sec. 3 of the Securities Exchange Act of 1934, that is registered under Secs. 6 or 17A of that Act.
9. **Other Exchange Act registered entity:** Any entity other than that described in exemption 1 (securities reporting issuer), exemption 7 (broker or dealer in securities), or exemption 8 (securities exchange or clearing agency) that is registered with the SEC under the Securities Exchange Act of 1934.
10. **Investment company or investment adviser:** Any entity that is: (A) an investment company as defined in Sec. 3 of the Investment Company Act of 1940, or is an investment adviser as defined in Sec. 202 of the Investment Advisers Act of 1940, and (B) registered with the SEC under the Investment Company Act of 1940 or the Investment Advisers Act of 1940.
11. **Venture capital fund adviser:** Any investment adviser that: (A) is described in section 203(l) of the Investment Advisers Act of 1940, and (B) has filed Item 10, Schedule A, and Schedule B of Part 1A of Form ADV, or any successor thereto, with the SEC.
12. **Insurance company:** Any insurance company as defined in Sec. 2 of the Investment Company Act of 1940.
13. **State-licensed insurance producer:** Any entity that: (A) is an insurance producer that is authorized by a State and subject to supervision by the insurance commissioner or a similar official or agency of a State, and (B) has an operating presence at a physical office within the United States.
14. **Commodity Exchange Act registered entity:** Any entity that: (A) is a registered entity as defined in Sec. 1a of the Commodity Exchange Act, or (B) is: (1) a futures commission merchant, introducing broker, swap dealer, major swap participant, commodity pool operator, or commodity trading advisor, each as defined in Sec. 1a of the Commodity Exchange Act, or a retail foreign exchange dealer as described in Sec. 2(c)(2)(B) of the Commodity Exchange Act and (2) registered with the Commodity Futures Trading Commission under the Commodity Exchange Act.
15. **Accounting firm:** Any public accounting firm registered in accordance with Sec. 102 of the Sarbanes-Oxley Act of 2002.
16. **Public utility:** Any entity that is a regulated public utility as defined in 26 USC 7701(a)(33)(A) that provides telecommunications services, electrical power, natural gas, or water and sewer services within the United States.

17. **Financial market utility:** Any financial market utility designated by the Financial Stability Oversight Council under Sec. 804 of the Payment, Clearing, and Settlement Supervision Act of 2010.
18. **Pooled investment vehicle:** Any pooled investment vehicle that is operated or advised by a person described in exemptions 3 (bank), 4 (credit union), 7 (broker or dealer in securities), 10 (investment company or investment adviser), or 11 (venture capital fund adviser).
19. **Tax-exempt entity:** Any entity that is: (A) an organization that is described in Sec. 501(c) of the Internal Revenue Code of 1986 (determined without regard to Sec. 508(a) of the Code) and exempt from tax under Sec. 501(a) of the Code, except that in the case of any such organization that ceases to be described in Sec. 501(c) and exempt from tax under Sec. 501(a), such organization shall be considered to continue to be described as a tax-exempt entity for the 180-day period beginning on the date of the loss of such tax-exempt status, (B) a political organization in Sec. 527(e)(1) of the Code, that is exempt from tax under Sec. 527(a) of the Code, or (C) a trust described in paragraph (1) or (2) of Sec. 4947(a) of the Code.
20. **Entity assisting a tax-exempt entity:** Any entity that: (A) operates exclusively to provide financial assistance to, or hold governance rights over, any entity described in exemption 19 above (tax-exempt entity), (B) is a United States person, (C) is beneficially owned or controlled exclusively by one or more United States persons that are United States citizens or lawfully admitted for permanent residence, and (D) derives at least a majority of its funding or revenue from one or more United States persons that are United States citizens or lawfully admitted for permanent residence.
21. **Large operating company:** Any entity that: (A) employs more than 20 full time employees in the United States, with “full time employee in the United States” having the meaning provided in 26 CFR 54.4980H-1(a) and 54.4980H-3, except that the term “United States” as used in those sections of the CFR have the meaning provided in 31 CFR 1010.100(hhh), (B) has an operating presence at a physical office within the United States, and (C) filed a Federal income tax or information return in the United States for the previous year demonstrating more than \$5,000,000 in gross receipts or sales, as reported as gross receipts or sales (net of returns and allowances) on the entity’s IRS Form 1120, consolidated IRS Form 1120, IRS Form 1120-S, IRS Form 1065, or other applicable IRS form, excluding gross receipts or sales from sources outside the United States, as determined under Federal income tax principles. For an entity that is part of an affiliated group of corporations within the meaning of 26 USC 1504 that filed a consolidated return, the applicable amount shall be the amount reported on the consolidated return for such group.
22. **Subsidiary of certain exempt entities:** Any entity whose ownership interests are controlled or wholly owned, directly or indirectly, by one or more entities described in exemptions 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, or 21 set forth above.
23. **Inactive entity:** Any entity that: (A) was in existence on or before January 1, 2020, (B) is not engaged in active business, (C) is not owned by a foreign person, whether directly or indirectly, wholly or partially, (D) has not experienced any change in ownership in the preceding twelve-month period, (E) has not sent or received any funds in an amount greater than \$1,000, either directly or through any financial account in which the entity or any affiliate of the entity had an interest, in the preceding 12 month period, and (F) does not otherwise hold any kind or type of assets, whether in the United States or abroad, including any ownership interest in any corporation, limited liability company, or other similar entity.

APPENDIX B

A Selection of Frequently Referenced FinCEN FAQs

For a complete list of FAQs please see [FinCEN's BOIR Frequently Asked Questions](#).

Do beneficial ownership information reporting requirements apply to companies created or registered before the Corporate Transparency Act was enacted (January 1, 2021)? Yes. Beneficial ownership information reporting requirements apply to all companies that qualify as “reporting companies”, regardless of when they were created or registered. Companies are not required to report beneficial ownership information to FinCEN if they are exempt or ceased to exist as legal entities before January 1, 2024. (See FinCEN FAQ C.12)

Is a company required to report its beneficial ownership information to FinCEN if the company ceased to exist before reporting requirements went into effect on January 1, 2024? A company is not required to report its beneficial ownership information to FinCEN if it ceased to exist as a legal entity before January 1, 2024, meaning that it entirely completed the process of formally and irrevocably dissolving. A company that ceased to exist as a legal entity before the beneficial ownership information reporting requirements became effective January 1, 2024, was never subject to the reporting requirements and thus is not required to report its beneficial ownership information to FinCEN. Although state or Tribal law may vary, a company typically completes the process of formally and irrevocably dissolving by, for example, filing dissolution paperwork with its jurisdiction of creation or registration, receiving written confirmation of dissolution, paying related taxes or fees, ceasing to conduct any business, and winding up its affairs (e.g., fully liquidating itself and closing all bank accounts). If a reporting company continued to exist as a legal entity for any period of time on or after January 1, 2024 (i.e., did not entirely complete the process of formally and irrevocably dissolving before January 1, 2024), then it is required to report its beneficial ownership information to FinCEN, even if the company had wound up its affairs and ceased conducting business before January 1, 2024. Similarly, if a reporting company was created or registered on or after January 1, 2024, and subsequently ceased to exist, then it is required to report its beneficial ownership information to FinCEN—even if it ceased to exist before its initial beneficial ownership information report was due. A company that is administratively dissolved or suspended—because, for example, it failed to pay a filing fee or comply with certain jurisdictional requirements—generally does not cease to exist as a legal entity unless the dissolution or suspension becomes permanent. (See FinCEN FAQ C.13)

If a reporting company created or registered in 2024 or later winds up its affairs and ceases to exist before its initial BOIR is due to FinCEN, is the company still required to submit that initial report? Yes. Reporting companies created or registered in 2024, no matter how quickly they cease to exist thereafter, must report their beneficial ownership information to FinCEN within 90 days of receiving actual or public notice of creation or registration. Reporting companies created or registered in 2025 or later, no matter how quickly they cease to exist thereafter, must report their beneficial ownership information to FinCEN within 30 days of receiving actual or public notice of creation or registration. These obligations remain applicable to reporting companies that cease to exist as legal entities—meaning wound up their affairs, ceased conducting business, and entirely completed the process of formally and irrevocably dissolving—before the expiration of the 30- or 90-day period reporting companies have to report their beneficial ownership information to FinCEN. If a reporting company files an initial beneficial ownership information report and then ceases to exist before the expiration of the 30- or 90-day period reporting companies have to report their beneficial ownership information to FinCEN, then there is no requirement for the reporting company to file an additional report with FinCEN noting that the company has ceased to exist. (See FinCEN FAQ C.14)

Who are a reporting company's beneficial owners when individuals own or control the company through a trust? Trust arrangements vary. Particular facts and circumstances determine whether specific trustees, beneficiaries, grantors, settlors, and other individuals with roles in a particular trust are beneficial owners of a reporting company whose ownership interests are held through that trust. For instance, the trustee of a trust may be a beneficial owner of a reporting company either by exercising substantial control over the reporting company, or by owning or controlling at least 25 percent of the ownership interests in that company through a trust or similar arrangement. Certain beneficiaries and grantors or settlors may also own or control ownership interests in a reporting company through a trust. The following conditions indicate that an individual owns or controls ownership interests in a reporting company through a trust:

- a trustee (or any other individual) has the authority to dispose of trust assets;
- a beneficiary is the sole permissible recipient of income and principal from the trust, or has the right to demand a distribution of or withdraw substantially all of the assets from the trust; or

- a grantor or settlor has the right to revoke the trust or otherwise withdraw the assets of the trust.

This may not be an exhaustive list of the conditions under which an individual owns or controls ownership interests in a reporting company through a trust. Because facts and circumstances vary, there may be other arrangements under which individuals associated with a trust may be beneficial owners of any reporting company in which that trust holds interests. (See FinCEN FAQ D.15)

If one spouse has an ownership interest in a reporting company, is the other spouse also considered a beneficial owner if the reporting company is created or registered in a community property state? Possibly. Whether State community property laws affect a beneficial ownership determination will depend upon the specific consequences of applying applicable State law. If, applying community property State law, both spouses own or control at least 25 percent of the ownership interests of a reporting company, then both spouses should be reported to FinCEN as beneficial owners unless an exception applies. (See FinCEN FAQ D.18)

How does a company report to FinCEN that the company is exempt? A company does not need to report to FinCEN that it is exempt from the BOIR requirements if it has always been exempt. If a company filed a BOIR and later qualifies for an exemption, that company should file an updated BOIR to indicate that it is newly exempt from the reporting requirements. Updated BOIR are filed electronically through the secure filing system. An updated BOIR for a newly exempt entity will only require that the entity: (1) identify itself; and (2) check a box noting its newly exempt status. (See FinCEN FAQ L.5)

Does a subsidiary whose ownership interests are partially controlled by an exempt entity and partially controlled by a non-exempt entity qualify for the subsidiary exemption? No. If an exempt entity controls some but not all of the ownership interests of the subsidiary and any of remaining interests are controlled by a non-exempt entity or by an individual, the subsidiary does not qualify for the subsidiary exemption. To qualify, a subsidiary's ownership interests must be fully, 100 percent owned or controlled by one or more entities from the list of exempt entities identified in the CTA. In cases involving more than one exempt parent entity, the subsidiary exemption applies even if the subsidiary's parent entities are exempt from the BOIR requirements for different reasons (e.g., one parent is an exempt large operating company and the other is an exempt public utility) so long as all of the subsidiary's ownership interests are owned or controlled by listed exempt entities. In this context, control of ownership interests means that the exempt entity or entities entirely control all of the ownership interests in the reporting company, in the same way that an exempt entity or entities must wholly own all of a subsidiary's ownership interests for the exemption to apply. (See FinCEN FAQ L.6)

If the size of a reporting company fluctuates above and below one of the thresholds for the large operating company exemption, does the reporting company need to file a BOIR? Yes. The company will need to file a BOIR if it otherwise meets the definition of a reporting company and does not meet the criteria for the large operating company exemption (or any other exemption). If the company files a BOIR and then becomes exempt as a large operating company, the company should file a "newly exempt entity" BOIR with FinCEN noting that the company is now exempt. If at a later date the company no longer meets the criteria for the large operating company exemption or any other exemption, the reporting company should file an updated BOIR with FinCEN. Updated reports should be submitted to FinCEN within 30 calendar days of the occurrence of the change. To qualify for the large operating company exemption, an entity must have more than 20 full-time employees in the United States, must have filed a Federal income tax or information return in the United States in the previous year demonstrating more than \$5,000,000 in gross receipts or sales, and must have an operating presence at a physical office in the United States. (See FinCEN FAQ L.7)

Is there a requirement to annually report beneficial ownership information? No. There is no annual reporting requirement. Reporting companies must file an initial BOIR and updated or corrected BOIRs as needed. (See FinCEN FAQ F.6)

Does a reporting company have to report information about its parent or subsidiary companies? No, though if a special reporting rule applies, the reporting company may report a parent company's name instead of beneficial ownership information. A reporting company usually must report information about itself, its beneficial owners, and, for reporting companies created or registered on or after January 1, 2024, its company applicants. However, under a special reporting rule, a reporting company may report a parent company's name in lieu of information about its beneficial owners if its beneficial owners only hold their ownership interest in the reporting company through the parent company and the parent company is an exempt entity. (See FinCEN FAQ F.7)

Can a reporting company report a P.O. box as its current address? No. The reporting company address must be a U.S. street address and cannot be a P.O. box. (See FinCEN FAQ F.8)

Can a parent company file a single BOIR on behalf of its group of companies? No. Any company that meets the definition of a reporting company and is not exempt is required to file its own BOIR. (See FinCEN FAQ G.2)

Should an initial BOIR include historical beneficial owners of a reporting company, or only beneficial owners as of the time of filing?

Except as noted below, an initial BOIR should only include the beneficial owners as of the time of the filing. Reporting companies should notify FinCEN of changes to beneficial owners and related beneficial ownership information through updated reports. If a reporting company created or registered in 2024 or later ceases to exist before the expiration of the 30- or 90-day period reporting companies have to report their beneficial ownership information to FinCEN, but no one submits the reporting company's initial beneficial ownership information report to FinCEN until after the reporting company ceases to exist, then that beneficial ownership information report should reflect the beneficial ownership information accurate as of the moment prior to the reporting company ceasing to exist. (See FinCEN FAQ G.4)

Under the Corporate Transparency Act, who can access beneficial ownership information? In accordance with the Corporate Transparency Act, FinCEN may permit access to beneficial ownership information to:

- Federal agencies engaged in national security, intelligence, or law enforcement activity;
- State, local, and Tribal law enforcement agencies with court authorization;
- Officials at the Department of the Treasury;
- Foreign law enforcement agencies, judges, prosecutors, and other authorities that submit a request through a U.S. Federal agency to obtain beneficial ownership information for authorized activities related to national security, intelligence, and law enforcement;
- Financial institutions with customer due diligence requirements under applicable law (in order to facilitate compliance with those requirements); and
- Federal functional regulators or other appropriate regulatory agencies that supervise or assess financial institutions with access to beneficial ownership information (in order to supervise such financial institutions' compliance with customer due diligence requirements).

FinCEN published the rule that will govern access to and protection of beneficial ownership information on December 22, 2023. Beneficial ownership information reported to FinCEN is stored in a secure, non-public database using rigorous information security methods and controls typically used in the Federal government to protect non-classified yet sensitive information systems at the highest security level. FinCEN will continue to work closely with those authorized to access beneficial ownership information to ensure that they understand their roles and responsibilities in using the reported information only for authorized purposes and handling in a way that protects its security and confidentiality. (See FinCEN FAQ A.3)