

# TAX UPDATE: BENEFICIAL OWNERSHIP INFORMATION REPORTING

February 5, 2024

As part of the effort of the United States to prevent concealment of assets through shell companies or other similar structures, the Corporate Transparency Act (31 U.S.C. § 5336) and its accompanying regulations (collectively, the CTA), require beneficial ownership information (BOI) reporting by certain entities, characterized as reporting companies. Effective January 1, 2024, many companies will be required to report information electronically regarding their beneficial owners to the Financial Crimes Enforcement Network of the U.S. Treasury Department (FinCEN), through a secure filing system on FinCEN's website.

For companies created or registered prior to January 1, 2024, reporting is required by January 1, 2025. For companies created or registered on or after January 1, 2024, and before January 1, 2025, reporting is required within 90 calendar days of the earlier of receiving actual or public notice that the company's creation/registration is effective. Updates to such reporting will also be required, and entities and individuals may be subject to civil or criminal penalties due to lack of compliance with the CTA. On its website, FinCEN has posted Frequently Asked Questions. One answer (B.7.) to questions about report preparation reads that "FinCEN expects that many, if not most, reporting companies will be able to submit their [BOI] to FinCEN on their own using the [guidance](#) FinCEN has issued. Reporting companies that need help meeting their reporting obligations can consult with professional service providers such as lawyers or accountants."

The BOI reporting requirements are mandated under Title 31 of the United States Code, "Money & Finance." Section 5336 of Title 31 includes the legal requirements of who must file, the exemptions from filing, and the information to be reported. The information to be reported on this form arises from determinations that are primarily legal in nature. For a variety of reasons, including concerns regarding the potential for the unauthorized practice of law, SKC & Co. CPAs will not prepare these forms or assist clients in preparing these forms (e.g., compiling and/or transmitting data that a client has provided).

SKC & Co. CPAs will continue to make our clients aware of the new BOI reporting requirements. If clients ask whether SKC can assist with BOI reports, we will advise our clients that we do not, and we will refer our clients to their counsel.