

# THE CORPORATE TRANSPARENCY ACT (CTA)

Navigating Beneficial Ownership Information  
(BOI) Reporting in 2024



# INTRODUCTIONS



**Kenny Dettman, CPA**  
Co-Founder, Chairman

Kenny Dettman comes from a 15-year background of working as a global tax expert, CEO, Founder, and Operator. He previously worked as a Managing Director at Alvarez & Marsal. More recently, he founded and led Sagemont Tax & Advisors, a tax advisory firm with over 50 tax, legal, and accounting professionals. Kenny is a member of the Forbes Business Council and has been published in the Wall Street Journal, Bloomberg Tax, Tax Notes, and other major tax publications.



**Frank Tumminello**  
Co-Founder, CEO

Frank Tumminello comes from a decade-long background of working in the financial services and technology industry. Prior to FileForms, he was an investor, acquirer, and value-creation resource in several financial services, insurance, and healthcare businesses throughout his private equity, corporate development, and investment banking career.

# AGENDA

- ✔ Overview Of The Corporate Transparency Act And Beneficial Ownership Information Report
- ✔ Deadlines and Penalties
- ✔ Recent FinCEN Updates
- ✔ Unauthorized Practice of Law
- ✔ How We Can Help You and Your Clients



# ABOUT FILEFORMS

- ✓ Founded by CPAs, attorneys & industry professionals
- ✓ Based in South Florida with hybrid team members across the U.S.
- ✓ Focused on creating “assisted” DIY technology solutions for non-tax reporting obligations for businesses with white-glove customer support



Check out our recent  
Press Release!



# AWARD WINNING PLATFORM

- ✔ FileForms named to list of **Top New Products** for 2024 by accountingTODAY



# BREAKING DOWN...

## Corporate Transparency Act

Corporate... “relating to a corporation”

Transparency... “the quality of being easily seen through”

## Beneficial Ownership Information

Beneficial... “conferring benefit; relating to rights, other than legal title”

Ownership... “state or fact of exclusive rights and control over property”

# ENFORCEMENT:

FinCEN (Financial Crimes Enforcement Network)



Government Agency - Department of US Treasury

# WHY YOU SHOULD CARE...

- ✔ Virtually all small- and medium-sized businesses must file a “Beneficial Ownership Information Report” (BOI Report) in 2024
- ✔ January 1, 2024 “effective date” has arrived and FinCEN portal is live
- ✔ Analysis and data collection can be complex, time-intensive, and present cyber risk
- ✔ Penalties are steep! \$591/day, up to \$10,000





# WHY YOU SHOULD CARE...

## JOURNAL OF ACCOUNTANCY®

TECHNOLOGY

| TAX

| PRACTICE MANAGEMENT

| FINANCIAL REPORTING

| AUDIT

As first stated in its September 2022 [regulatory impact analysis](#), FinCEN said it is difficult to estimate the number of entities that are reporting companies. It assumes that all entities created or registered before the effective date of Jan. 1, 2024, that are subject to the BOI reporting requirement — **32.6 million entities** — will submit initial BOI reports in the first year. In 2025 and beyond, FinCEN estimates that almost 5 million initial BOI reports will be filed each year, the same estimate as the number of new entities per year that meet the definition of a reporting company and are not exempt. The total five-year average of expected BOI initial reports is about 10.5 million.

FinCEN estimates that about 6.6 million BOI update reports will be filed in 2024, and about 14.5 million such reports will be filed annually for 2025 and beyond. The total five-year average of expected BOI update reports is almost 12.9 million.

# WHY YOU SHOULD CARE...



Harvard Law School Forum on Corporate Governance

HOME ABOUT ARCHIVE CATEGORIES CONTRIBUTORS HIRING BLOGROLL

## Understanding the Corporate Transparency Act's Company Reporting Obligations

Posted by Nathan Barnett, Daniel Bee, and Sebastian Orozco Segura, McDermott Will & Emery LLP, on Esley, November 2, 2023

Supported By: 



THE WALL STREET JOURNAL

RISK & COMPLIANCE JOURNAL

## FinCEN's Efforts to Implement Shell-Company Law Draw Criticism

Supporters of corporate-ownership database say the Treasury's financial crimes bureau's plans to gather information and access the repository have potential loopholes

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23 2:20 pm ET



November 07, 2023  
Volume XIII, Number 311

## THE NATIONAL LAW REVIEW

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### Are You Ready? The Corporate Transparency Act Businesses Will b Ownership Disclo

by Jason S. Sims of Osburn

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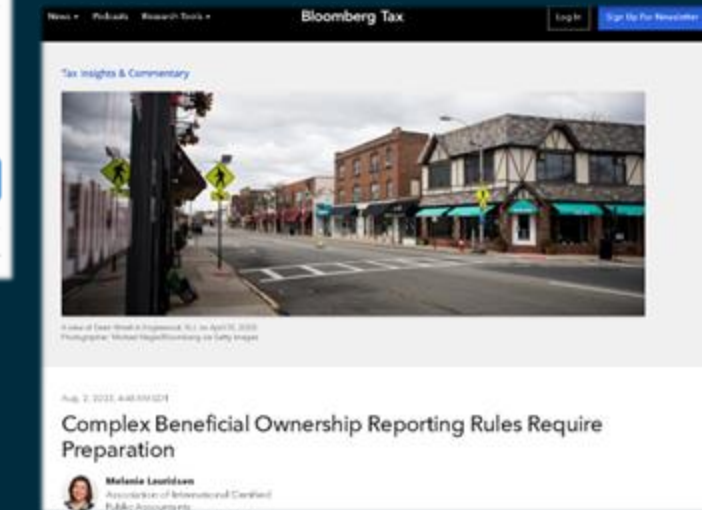
## Get Ready for the Corporate Transparency Act

Matthew Erskine Contributor

I am a trusts and estates attorney writing on estate


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Jan 17, 2023, 11:41am EST



Bloomberg Tax

Tax Insights & Commentary



Complex Beneficial Ownership Reporting Rules Require Preparation

Melanie Lundgren  
Associate of International Certified Public Accountants



## Countdown to the Corporate Transparency Act

If you haven't heard of the CTA, you're not alone

# CTA + BOI OVERVIEW

## Three most important questions...

- ✔ Is a company a Reporting Company?
- ✔ If yes, which individual(s) are reportable Beneficial Owner(s)?
- ✔ If applicable, who are the reportable Company Applicant(s)? (Applicable to entities formed after January 1, 2024)

# CTA + BOI OVERVIEW

## What is a Reporting Company?

- ✓ Domestic reporting companies
  - ✓ A corporation,
  - ✓ A limited liability company (LLC), or
  - ✓ Any other company created by the filing of a document with the secretary of state or similar office (including tribal organizations)

### Examples:

- Delaware Limited Liability Company
- California For-Profit Corporation
- Florida Homeowner's Association
- Texas General Partnership
- Massachusetts Tribal Organization

# CTA + BOI OVERVIEW

## What is a Reporting Company?

### ✓ Foreign reporting companies

- ✓ A company formed under the laws of a foreign country; and
- ✓ Registered to do business in any U.S. state or tribal jurisdiction.

#### Examples:

- Colombian LTDA registered to do business in Florida
- Cayman Island LP registered to do business in Delaware
- Swiss Cooperative registered to do business in New York

# CTA + BOI OVERVIEW

## Which companies are **exempt**?

- ✓ 23 total exemptions
- ✓ Six most-notable exemption types:
  - ✓ Companies in highly-regulated environments
  - ✓ Certain registered or “large” investment companies
  - ✓ Tax-exempt entities and their assisting entities

# CTA + BOI OVERVIEW

## Which companies are exempt?

- ✔ Six most-notable exemptions types, continued:
  - ✔ Large operating companies:
    1. 20+ full-time employees; AND
    2. Physical presence in U.S.; AND
    3. More than \$5M in gross receipts/sales
  - ✔ Subsidiaries of certain exempt entities
  - ✔ Inactive entities

# CTA + BOI OVERVIEW

## Which individuals are **Beneficial Owners**?

- ✔ An individual is a **Beneficial Owner** if he or she:
  - ✔ Directly or indirectly exercises “substantial control”; OR
  - ✔ Directly or indirectly owns or controls 25% of ownership interests

### Examples:

- Husband & wife owners of a general store operated through an LLC
- COO of a 10-employee tech company operated through a corporation
- Chairman of the Board of a UK-based multinational with U.S. sales and support operation



# CTA + BOI OVERVIEW

## Ownership Interest vs. Substantial Control



### EQUITY, STOCK, OR VOTING RIGHTS

any interest classified as stock or anything similar, regardless whether it confers voting power or voting rights, and even if the interest is transferable

EXAMPLES include:

- equity, stock, or similar instrument
- preorganization certificate or subscription
- transferable share of, or voting trust certificate or certificate of deposit for, an equity security, interest in a joint venture, or certificate of interest in a business trust



### CAPITAL OR PROFIT INTEREST

any interest in the assets or profits of a company organized as an LLC, which is similar to stock in a corporation and sometimes referred to as a 'unit'



### CONVERTIBLE INSTRUMENTS

any instrument convertible into **equity, stock, or voting rights** or **capital or profit interest**, whether or not anything needs to be paid to exercise the conversion. The **RELATED** items are also ownership interests:

- any future on any convertible instrument
- any warrant or right to purchase, sell, or subscribe to a share or interest in **equity, stock, or voting rights** or **capital or profit interest**, even if such warrant or right is a debt



### OPTION OR PRIVILEGE

any put, call, straddle, or other option or privilege of buying or selling **equity, stock, or voting rights, capital or profit interest, or convertible instruments**, EXCEPT if the option or privilege is created and held by others without the knowledge or involvement of the reporting company



### CATCH-ALL

any other instrument, contract, arrangement, understanding, relationship, or mechanism used to establish ownership



### SENIOR OFFICER

any individual holding the position or exercising the authority of a:

1. President
  2. Chief financial officer (CFO)
  3. General counsel (GC)
  4. Chief executive officer (CEO)
  5. Chief operating officer (COO)
- or any other officer, regardless of official title, who performs a similar function as these officers



### APPOINTMENT OR REMOVAL AUTHORITY

any individual with the ability to appoint or remove any **SENIOR OFFICER** or a majority of the board of directors or similar body



### IMPORTANT DECISION-MAKER

any individual who directs, determines, or has substantial influence over important decisions made by the reporting company, including decisions regarding the reporting company's:

1. **Business**, such as:
  - Nature, scope, and attributes of the business
  - The selection or termination of business lines or ventures, or geographic focus
  - The entry into or termination, or the fulfillment or non-fulfillment, of significant contracts
2. **Finances**, such as:
  - Sale, lease, mortgage, or other transfer of any principal assets
  - Major expenditures or investments, issuances of any equity, incurrence of any significant debt, or approval of the operating budget
  - Compensation schemes and incentive programs for senior officers
3. **Structure**, such as:
  - Reorganization, dissolution, or merger
  - Amendments of any substantial governance documents of the reporting company, including the articles of incorporation or similar formation documents, bylaws, and significant policies or procedures



### CATCH-ALL

any other form of substantial control over the reporting company. Control exercised in new and unique ways can still be substantial. For example, flexible corporate structures may have different indicators of control than the indicators included here

# CTA + BOI OVERVIEW

## Who is a **Company Applicant**?

- ✔ Up to two individuals; one who:
  - ✔ **Directly files** the creation/registration document
  - ✔ Primarily responsible for **controlling** the relevant document
- ✔ **Only companies formed on/after Jan. 1, 2024 must report**

# INFORMATION TO BE REPORTED

## What needs to be reported, and how?

- ✔ Information on the **Reporting Company**:
  - ✔ Legal name and DBA/trade name
  - ✔ Current physical address
  - ✔ Jurisdiction of formation
  - ✔ Federal Taxpayer ID number (or foreign TIN)

# INFORMATION TO BE REPORTED

## What needs to be reported, and how?

### ✔ Information\* on **Beneficial Owners** and **Company Applicants**:

- ✔ Individual's name, DOB, and address
- ✔ Identifying number and issuing jurisdiction of U.S. passport\*\*, DL, or state/local/tribal ID
- ✔ Copy of identifying document

\*Alternatively, individuals and entities may apply for and obtain a FinCEN identifier, which can be included on subsequent filings in lieu of this information.

\*\*Foreign passport is allowable if no other types of documents exist

# HOW TO FILE

## What needs to be reported, and how?

- ✓ BOI Reports can be submitted using:
  - ✓ Secure filing system via [FinCEN.gov](https://www.fincen.gov) (now available as of January 1<sup>st</sup>)
  - ✓ Industry-leading filing software: [FileForms](#)

# DEADLINES

- ✓ Reporting began: Jan. 1, 2024
- ✓ Entities formed before Jan. 1, 2024:  
Jan. 1, 2025
- ✓ Entities formed after Jan. 1, 2024:  
Within 90 days\*

\*The 90-day extension only applies to those new entities filed through December 31, 2024. New entities formed January 1, 2025, and onward will have 30 days to file.

# DEADLINES

- ✔ Change of Information (“COI”) Filings:  
Within 30 Days of “Change”
- ✔ Previously Exempt Reporting Companies:  
Within 30 Days of “Non-Exempt Date”

# PENALTIES

- ✔ Civil penalties:  
\$591 / day, up to \$10,000 (per entity)
- ✔ Criminal penalties\*:  
Up to two years imprisonment

\*Individuals may also be subject to civil or criminal penalties for willfully causing a company not to file a required BOI report or by providing incomplete or false information.



# UPDATES FROM FinCEN

- ✔ Portal went live on January 1<sup>st</sup>, 2024
- ✔ 500,000 BOIRs filed in first five weeks
- ✔ 18,000 participants at FinCEN events
- ✔ FinCEN ID is attainable
- ✔ April 1st for entities formed in 2024

# UPDATES FROM FinCEN

## Updated FAQs

### Who can file a BOI report?

Anyone who the Reporting Company deems authorized to file.

### How can filers make a change to their information?

All information, including the change, will need to be submitted by PDF or the BOI e-Filing application requiring a new report (no data is saved in system from initial filing)

# UPDATES FROM FinCEN

## Updated FAQs

### Will there be a confirmation #?

Yes, a receipt will be provided, showing the information submitted and an indicator that the submission was successful. Third-party filers will also be able to obtain this information.

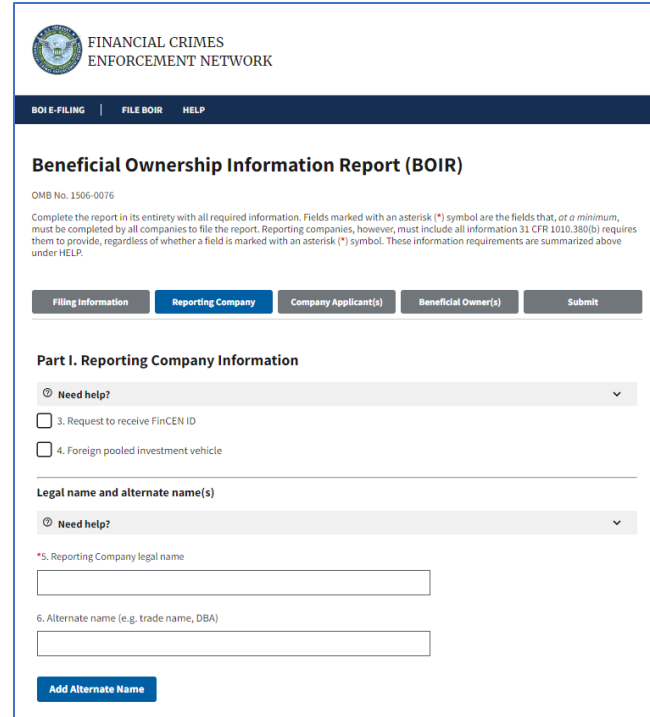
### FinCEN provides transcript

Post-filing with FinCEN user has option to receive a FinCEN ID and download transcript of information disclosed



# FinCEN Portal

- ✔ **Manual Process:** The reporting company must collect information on their BOs via cyber-prone processes and manage to keep it up to date; only one report can be filed at a time
- ✔ **Data is Not Saved:** Must submit a new report for each change of information and complete each filing end to end or risk losing inputs
- ✔ **Time Consuming:** 1-2 hours including reading of 55-Page Compliance Guide and 21-Page How to File Guide
- ✔ **Issues and No Support:** Complaints of not being able to submit and platform timing out mid-filing causing the need to restart; limited ability to contact FinCEN and no responsiveness; minor guidance within the filing experience



The screenshot shows the 'Beneficial Ownership Information Report (BOIR)' interface. At the top, there is a header for 'FINANCIAL CRIMES ENFORCEMENT NETWORK' with a logo. Below the header, there are navigation links for 'BOI E-FILE', 'FILE BOIR', and 'HELP'. The main title is 'Beneficial Ownership Information Report (BOIR)' with the OMB No. 1506-0076. A note states: 'Complete the report in its entirety with all required information. Fields marked with an asterisk (\*) symbol are the fields that, at a minimum, must be completed by all companies to file the report. Reporting companies, however, must include all information if 31 CFR 1010.380(D) requires them to provide, regardless of whether a field is marked with an asterisk (\*) symbol. These information requirements are summarized above under HELP.' Below this is a row of tabs: 'Filing Information', 'Reporting Company' (selected), 'Company Applicant(s)', 'Beneficial Owner(s)', and 'Submit'. The 'Reporting Company' section is titled 'Part I. Reporting Company Information' and includes a 'Need help?' dropdown menu. Below the dropdown are two checkboxes: '3. Request to receive FinCEN ID' and '4. Foreign pooled investment vehicle'. A section for 'Legal name and alternate name(s)' also has a 'Need help?' dropdown. Below this are two input fields: '\*5. Reporting Company legal name' and '6. Alternate name (e.g. trade name, DBA)'. At the bottom of this section is a blue button labeled 'Add Alternate Name'.

# Unauthorized Practice of Law (UPL)

- ✓ UPL rules govern nonlawyer services, such as CPAs and tax professionals.
- ✓ Not administered by IRS; distinct rules apply.
- ✓ Courts evaluate UPL through tests focusing on:
  - Difficulty of services rendered.
  - Incidental nature of services.
  - Impact on recipient's legal rights.

Distinct rules apply typically established on a state-by-state basis

# Insurance Risk Considerations

- ✔ Professional Liability and Cyber Policies
- ✔ New line of risk with national carriers still in discovery
- ✔ Consultative Services versus Filing Services
- ✔ Aggregating, Storing, and Managing PII

# WHO WE SERVE

We help our partners **outsource risk, serve their clients, save time, and generate profit.**

We **partner** with:

- ✓ Accountants and CPAs
- ✓ Attorneys' Offices
- ✓ Company Formation & Registered Agent Firms



helping them **better service their clients** with quality referrals.

**<https://fileforms.com/become-a-partner/>**

# HOW PARTNERS USE FILEFORMS

- ✓ Direct Referrals
- ✓ Utilize FileForms to file on behalf of clients
- ✓ FileForms**PRO** – Enterprise Solution

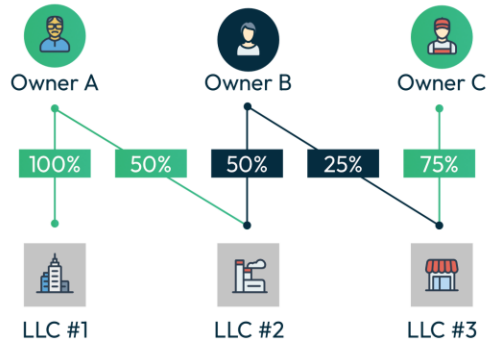


# PRO PLATFORM FOR YOUR FIRM

- ✓ **Effortless Management:** Firmwide central repository and workflow solution, ensuring secure access and storage with customizable permissions settings.
- ✓ **Time-Saving Solutions:** Bulk data upload feature via CSV or API.
- ✓ **Branded Experience:** Customize the platform to reflect your unique brand identity.
- ✓ **Custom Pricing:** Set your own pricing for BOI services or bundle.
- ✓ **Robust Security:** Featuring AWS backend database and data encryption.
- ✓ **Enhanced Efficiency:** Secure photo ID uploads from multiple Beneficial Owners.
- ✓ **Automated Notifications:** Stay compliant with automated email reminder notifications and monitoring services, ensuring timely action on crucial tasks.
- ✓ **Actionable Insights:** Leverage versatile data usage across multiple entities.

# Easy Beneficial Owner Filing

FileForms helps Owners identify other entities, and owners, which they may be affiliated with.



Owner(s)	Status	Entity	Due Date
Owner A	Active	LLC #1	Mar. 1, 2024
Owner B	Active	LLC #1	Jan. 1, 2024
Owner B	Inactive	LLC #1	Mar. 1, 2024
Owner C	Inactive	LLC #1	Jan. 1, 2024



Push notification capability via email or SMS to facilitate filings for all affiliated entities and Owners who may be required to file a BOI report.

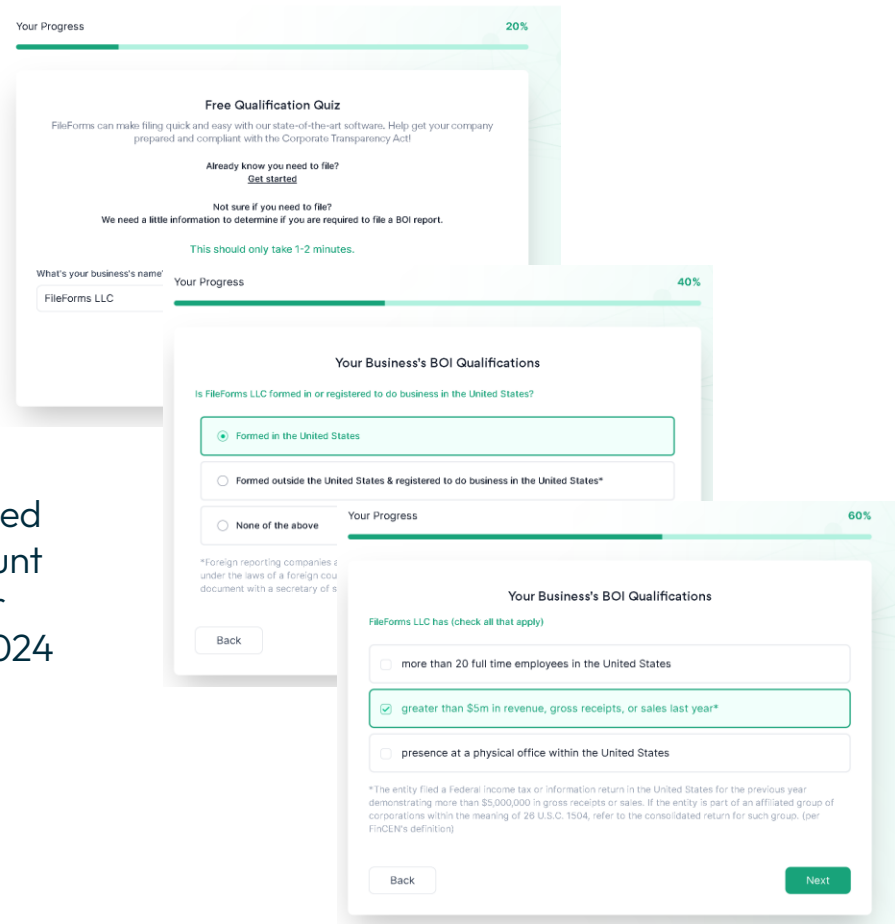
# HOW FILEFORMS HELPS

- ✓ DIY tools and white-glove experience
- ✓ Reduces filing time: **hours to minutes**
- ✓ **Secure** data storage (SOC II Pending)
- ✓ **Expert** assistance available
- ✓ **One-click** “COI” filings
- ✓ **Notifications** and reminders
- ✓ **Training** and DIY resources

# BOI QUIZ FOR DIY CLIENTS

Our free Filing Wizard provides a step-by-step process for users to determine BOI reporting requirements.

Entities found to be required to file can create an account for FREE, allowing for their BOI report to be filed in 2024 when the FinCEN portal opens.



# PRODUCT OFFERING AND PRICING

## FREQUENT FILER SUBSCRIPTION

**\$199**/annually per entity

Best value for entities anticipating changes

[Choose Plan](#)

- ✓ **Unlimited Change of Information**
- ✓ **Monitoring services**
  - ID expiration
  - Best efforts change in address
- ✓ **Automated reminder preferences**
- ✓ **Priority support**
- ✓ **All features from Basic plan**
  - Custom BOI filing Analysis for internal record keeping
  - Initial BOI report filed with FinCEN
  - Unlimited access to company dashboard
  - Automated beneficial owner data collection
- ✓ **Fee charged annually per entity**
- ✓ **Two-year initial commitment**

## BASIC

**\$299**/per entity per filing

Ideal for simple ownership structures

[Choose Plan](#)

- ✓ **One-time Beneficial Ownership Information (BOI) Report filed in 2024 with FinCEN**
- ✓ **Custom BOI Filing Analysis for internal record keeping**
  - Customized CTA Filing Analysis
  - Best practices, policies and procedures
  - Deadlines and refiling requirements
  - Exemptions
  - FAQs
- ✓ **50% off for Change of Information Filing**
- ✓ **Unlimited access to company dashboard**
- ✓ **Form compliance validation**
- ✓ **Automated beneficial owner validation**
- ✓ **Chat and email support**

## PREMIUM

**\$999**/per entity

Best for complex ownership structures

[Choose Plan](#)

- ✓ **File with legal counsel review and support**
- ✓ **Paid preparer indicated on BOI report**
- ✓ **Legal consultation with licensed attorney**
- ✓ **All Features from Basic plan**
  - One-time BOI filing analysis done in 2024
  - Initial BOI Report filed with FinCEN
  - Unlimited access to company dashboard
  - Automated beneficial owner data collection
- ✓ **FinCEN penalty protection up to \$10,000**
- ✓ **Chat and email support**



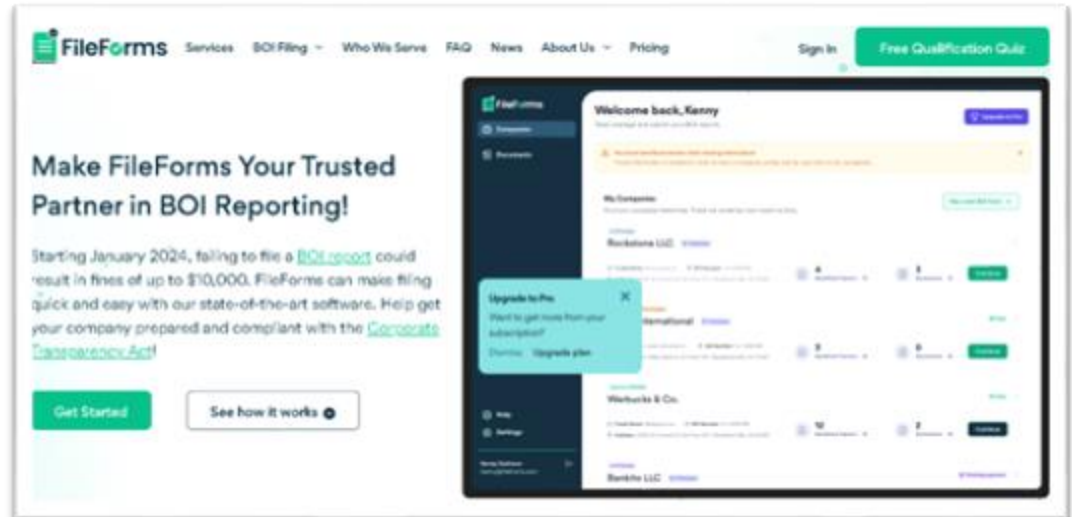
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BOI REPORT  
TODAY**

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# Questions & Answers

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