

[Current Date]

Dear Clients,

With only about X months left in 2024, we’re reaching out with an important update. As you know, each new year brings changes in laws affecting businesses. This year is no exception, with the Corporate Transparency Act (CTA) officially enacted into law as part of the National Defense Act starting January 1, 2024.

The CTA mandates the disclosure of Beneficial Ownership Information (BOI) to the Financial Crimes Enforcement Network (FinCEN). This new BOI reporting requirement (referred to as the “BOI Report” or “BOIR”) aims to combat money laundering, terrorism financing, and other illicit activities by requiring businesses to report both their ownership and disclose individuals who exert substantial control over the organization. It's estimated that 32.6 million companies will need to comply with this requirement in 2024, including over 97% of small and medium-sized businesses.

**BOI Report: Not a Tax Filing**

Given the CTA and BOIR are not accounting services and potentially require the assistance of specialty or legal professionals, [XYZ Accounting] has decided ***not*** to provide BOI Reporting services to our clients. Nonetheless, as your trusted advisors, we want to ensure you are well-informed and prepared to comply with this new law as non-compliance can lead to penalties of up to $591 per day, up to a total of $10,000 per entity.

**CTA/BOI Reporting for Our Clients**

[XYZ Accounting] has partnered with a compliance technology company, FileForms ([www.FileForms.com](http://www.FileForms.com)), to assist with your BOIR filing obligations. We've also outlined several alternative filing options in the email below, including direct filing with FinCEN or consulting with your corporate attorney.

FileForms has provided us with a comprehensive BOI Quick Reference Guide, covering essential aspects of the new BOI Reporting requirements, such as:

1. Does a Reporting Company have to report its Beneficial Owners?
2. Who is a Beneficial Owner of a Reporting Company?
3. Does the Reporting Company have to report its Company Applicants?
4. What specific information does the Reportable Company need to report?
5. When and how should my company file its initial report?
6. What if there are changes to or inaccuracies in reported information?

**Brief Summary: Which Companies Must File?**

In general, most corporations and LLCs in the U.S. must file unless they fall under a narrow category of exemptions.

The main categories of exempt filers include:

1. Large companies with $5M+ in revenue and 20+ employees;
2. Registered investment entities and managers;
3. Inactive entities with less than $1,000 in assets;
4. Tax-exempt entities;
5. Highly regulated businesses, such as banks and insurers; and
6. Certain subsidiaries of the above categories.

***Note, over 97% of small or medium-sized businesses are expected to be classified as "Reporting Companies."***

**Highlights On When To File**

* *Pre-Existing Companies* (formed or registered before January 1, 2024) must file by the end of 2024.
* *Newly Formed Companies* (formed or registered after January 1, 2024) must file within 90 days of formation (reduced to 30 days in 2025).

While BOI Reporting is technically a "one-time" filing obligation (e.g., not an annual report), the CTA requires that an additional BOIR be filed any time a single piece of information on the original Report changes within 30 days of the event causing the change of information.  This could be as simple as a passport expiring or the hiring/firing of a corporate officer, director, or manager.

**Importance of Filing Early**

As explained in more detail in the FileForms BOI Quick Reference Guide, the determination of (1) whether a company is a "Reporting Company," and (2) who the relevant reporting Beneficial Owners are, can be a complex exercise for each Reporting Company.  Further, once each Beneficial Owner is determined, the company must obtain various pieces of personal information and documentation from each individual Beneficial Owner (including either a copy of the individual’s passport or driver's license).  It will also surprise many companies to learn that their C-Suite, directors, and certain managers or other non-equity-holding individuals are likely classified as Beneficial Owners, and their information need be included with the company’s BOIR.

Based on the potential complexity of the analysis, as well as the administrative burden of having to collect information and documentation from various individuals, it is our strong recommendation that the necessary action items for BOI Reporting be conducted as soon as possible. While [XYZ Accounting] will not be filing your BOIR, we are certainly available to provide or confirm any information necessary to complete your Report (for example, EIN, ownership information reported on prior tax returns, etc.) However, we cannot guarantee the timeliness and availability of this information if you wait until the extended tax season or towards the end of 2024 to request such information.  Therefore, we would greatly appreciate it if you could complete substantially all of your BOI Reporting early this year!

**How to File**

1. **FinCEN BOIR Portal** – The Government has created a direct filing [portal](https://boiefiling.fincen.gov/) for BOIR.  While the portal does not contain any interactive education, tooltips, etc., to assist with the filing, the government has provided a 21-page instruction [manual](https://boiefiling.fincen.gov/resources/BOIR_Filing_Instructions.pdf), accompanied by a 50-page "[Small Entity Compliance Guide](https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide.v1.1-FINAL.pdf)," for those who wish to brave the filing on their own.  There are additional limitations with the portal in that there's no ability to save/store information on their site for future "Change Of Information" (COI) filings, and only one individual may interact with the site to submit and upload the various pieces of information and documentation for each Reporting Company.
2. **Third-Party Reporting Platform (including FileForms)** – There are several third-party solutions, including [www.FileForms.com](http://www.FileForms.com), that provide an alternative to the limited Government portal for BOI Reporting.  We have vetted several of these vendors and have decided to partner with and recommend FileForms as the solution to our clients for the following reasons:
   1. **Step-By-Step, Time and Cost-Effective Filings –** FileForms was designed by CPAs and attorneys to break up BOI Reporting into an interactive, step-by-step process that provides an educational and interactive experience to both reduce the filing time (takes most filers ~10 minutes), as well as mitigate risk of a BOIR being filed inaccurately or incompletely.  Their basic filing service is $179/entity, which can be reduced to $199 under their Frequent Filer subscription (please also use our promo code **XZY** for $50 off their service).
   2. **Push Notifications for BOI Collection –** When adding Beneficial Owners to your BOIR, FileForms enables the user to send a push notification request via email or text to an individual Beneficial Owner, which allows them to securely upload their own personal information and documentation, which is securely stored with permission settings to prevent the information from being shared amongst or between Beneficial Owners. Beneficial Ownership Information may also be safely and efficiently stored and reused when there are situations where multiple entities share the same Beneficial Owner(s).
   3. **One-Click COI Filings –** By completing an initial BOIRs through FileForms, the original information is securely stored in the platform, allowing for efficient reuse for future COI filings, as opposed to having to "start from scratch" if using the FinCEN portal.
   4. **Basic and Premium Support –** FileForms standard product comes with help desk support, but may also be upgraded to premium assistance, which grants users access to an attorney and includes a legal memorandum to accompany the filing service.
   5. **Frequent Filer Monitoring Services –** As part of their "Frequent Filer" subscription service, users receive access to a monitoring service that notifies users of any changes of information through public records, as well as monthly or quarterly COI review reminders.
3. **Corporate Attorney or Advisor** – For more complex situations, including multi-entity structures of greater than five companies, it may be prudent to utilize a corporate attorney or advisory firm.   Note that while FileForms may be an option for premium, attorney-guided support for one to five entities, the cost may be prohibitive for large, multi-entity structures.   If you would like a recommendation for a larger group, please reach out to us for additional options.  Of course, your own corporate attorney will likely only be available on an hourly rate basis for BOI Reporting.  We have a few fixed fee options available in addition to the fixed fee option provided by FileForms ($499/entity).

**Summary**

The CTA is a significant compliance requirement and is here to stay.  It will affect the vast majority of our clients’ LLCs and corporations.  The CTA rules capture far more entities and individual Beneficial Owners than may be expected, and the analysis, data collection, and Reporting will impose a meaningful burden to business owners and operators.

While [XYZ Accounting] can help you collect certain information on a limited basis, we will not be able to prepare and submit the Report for you. To ensure the greatest chance of success and complete compliance, we strongly suggest you get this filing obligation out of the way as soon as possible.

Wishing you a healthy, happy, and prosperous 2024!

[Name]

[XYZ Accounting]



**Partnership powered by:**

* [General Website (Recommend linking to your landing page)](http://www.fileforms.com)
* [Filing Wizard](https://apps.fileforms.com/boi/qualification?utm_source_platform=referralrock&referrer=https%253A%252F%252Ffileforms.com%252F&REFERRALCODE=44382230&RR_WCID=B06E6629-9BD3-4CE4-9261-9B4A551D4148&_gl=1*9owyxr*_gcl_au*NzQxNDE1MzI5LjE3MTc1MTMyMjIuMTI3MDA5MTcyMi4xNzIwNDU2MDYxLjE3MjA0NTYwNjE.*_ga*NTI2MDE4ODkwLjE3MTc1MTMyMjI.*_ga_YGRB8WK5E8*MTcyMDQ3NjQ3NC44My4wLjE3MjA0NzY0NzQuNjAuMC4w&utm_source=BIO+Quiz+Client+Letter&utm_medium=BOI+Quiz&utm_campaign=BOI+Quiz&utm_id=BOI+Quiz) (Do I need to file?)
* [Sign-Up](https://apps.fileforms.com/auth/signup?utm_source=Sign+Up+Client+Letter&utm_medium=Sign+Up+Client+Letter&utm_campaign=Sign+Up+Client+Letter&utm_id=Sign+Up)