

September 20, 2024

Dear Friends and Colleagues,

Starting in 2024, closely held entities that have filed formation papers with their state's Secretary of State office (or the equivalent) must file a report with the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN), providing specified information regarding the entity's "beneficial owners."

Entities in existence prior to January 1, 2024, have until December 31, 2024 to file their initial Beneficial Ownership Information report.

This is part of the federal government's anti-money laundering and anti-tax evasion efforts, and failure to comply can result in significant penalties imposed against the entity itself and the beneficial owners (shareholders/partners).

Entities that are required to file

- S Corporations
- C Corporations
- Limited Liability Companies (even single member)
- Limited Partnerships
- Limited Liability Partnerships

Entities that are NOT required to file

- Sole Proprietorships
- General Partnerships
- Trusts
- Tax Exempt Organizations
- Entities dissolved prior to January 1, 2024

Beneficial owners are broadly defined as owners who directly or indirectly own at least 25% of the entity's ownership interests or exercise substantial control over the reporting company (even if they don't actually have an ownership interest).

Information required from reporting company

- Full legal name
- Company's trade or "doing business as" name
- Complete current address
- State where the company was formed
- Company's taxpayer identification number (EIN). If a disregarded entity or single-member limited liability company (SMLLC), then the individual's SSN.

Information required from beneficial owners

- Individual's full legal name
- Date of birth
- Complete current residential address
- Unique identifying number and the issuing jurisdiction from one of the following nonexpired documents issued to the individual:
 - State driver's license
 - U.S. Passport
- An image from the driver's license or passport.

Once filed, should any of the reported information change or a beneficial ownership interest be sold or transferred, the entity must report this information within 30 days of the change. Changes include reporting a beneficial owner's change of address or name, a new passport number when a passport is renewed, or providing a copy of a renewed driver's license.

We are ready and willing to help with the above filing requirements. Should you have any questions about the above information, or any other issues, please feel free to reach out by phone or email.

Sincerely,



Tom A. McFerson, CPA, ABV
Gatto McFerson, CPAs