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## Corporate Transparency Act Potential Civil and Criminal Penalties

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[www.fincen.gov/boi](https://www.fincen.gov/boi)

In 2021, Congress enacted the Corporate Transparency Act (CTA) as part of a larger national defense bill. This law creates a beneficial ownership information reporting requirement and beginning on January 1, 2024, many companies in the United States will have to report information about their beneficial owners, i.e., the individuals who ultimately own or control the company. They will have to report the information to the Financial Crimes Enforcement Network (FinCEN). FinCEN is a bureau of the U.S. Department of the Treasury. **Due to this new federal regulation, nearly all business entities will be required to submit reports to FinCEN to avoid potential civil and criminal penalties.**

Assisting you with your compliance with the CTA, including beneficial ownership information ("BOI") reporting, is not within the scope of the professional tax and accounting services provided at Farm Management Services, Inc. (FMSI). You have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership information. FMSI shall have no liability resulting from your failure to comply with CTA. Information regarding the BOI reporting requirements can be found at <https://www.fincen.gov/boi>. Consider consulting with legal counsel if you have questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.

### **Who Has to Report?**

Companies required to report are called reporting companies. Reporting companies may have to obtain information from their beneficial owners and report that information to FinCEN. Your company may be a reporting company and need to report information about its beneficial owners if your company is:

1. **Corporation (both C & S Corp)**
2. **Limited Liability Company (LLC)**
3. **Limited Partnership**
4. Other entities otherwise created in the United States by filing a document with a secretary of state or any similar office under the law of a state or Indian tribe; or
5. A foreign company and was registered to do business in any U.S. state or Indian tribe by such a filing.

**According to our records, we believe that your business may be subject to the reporting requirements which came into effect on January 1, 2024. In order to comply with the new law, you must file your initial report before December 31, 2024. Please contact your legal counsel if you need assistance in filing this required report.**

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