

November 11, 2024

Dear Client,

In 2021 Congress passed the Corporate Transparency Act aimed at reducing money laundering. This act created a small business reporting requirement known as the **Beneficial Ownership Information Report (BOI)** with potential **penalties for failing to file of \$500 a day plus up to two years in prison**. Clearly it is not something business owners can ignore.

If your business is an LLC or corporation, including a single member LLC, you must fill out this form by the end of 2024, and if you start a new business in 2024, you must report within 90 days of formation. Reporting is done via electronic filing with the Treasury Department's Financial Crimes Enforcement Network (FinCEN).

**Initial BOI Reporting:**

- Businesses existing before 1/1/2024 must file by 1/1/2025
- Businesses formed during 2024 must file within 90 days of formation

**Updated BOI Reporting:**

- Within 30 days of any change to beneficial owners, address of business or owners, or expiration of government issued photo ID used in reporting

The required information includes owners and, for new businesses formed in 2024, the company applicants (i.e. those forming the business). **To clarify, even if you have set up an LLC just to own a rental property this form is required, and a separate filing and form is required for every single entity, whether an LLC, an S corporation, or a C Corporation.** Some exemptions exist, primarily for larger companies and not-for-profit entities.

***We are able to complete the initial BOI report for you, but only with a signed engagement letter.*** We will charge a fee to complete this form, which we currently estimate at \$295 per entity plus \$50 per owner after the first owner. To fill out the form the following information is needed:

**For the Company or Entity:**

- 1) Full legal name according to the Secretary of State
- 2) Any trade and "doing business as" names
- 3) A complete current **physical address** of the principal place of business (a P.O. Box or the address of a 3rd party agent does not comply with this requirement)
- 4) The state, tribal or foreign jurisdiction of formation (most likely Washington or Idaho)
- 5) The IRS Taxpayer Identification Number (EIN or SSN if LLC is a "disregarded entity")

For your information, any change in any of these 5 items at any time must also be reported within 30 days to FinCEN with an updated BOI report. **If you need assistance with filing an updated BOI report we are available to assist you, but it will be subject to a separate engagement and a separate fee. Additionally, we will not monitor your entity for changes, so it is your responsibility to identify when and if you need to file an updated BOI report.**

**For the Owners and Applicants:**

For each owner of at least 25% of the entity (directly or indirectly), the report must include **for each owner:**

- 1) Legal name and date of birth
- 2) Physical address
- 3) Unique identifying number and the issuing jurisdiction from one of the following documents:
  - a. a non-expired passport issued to the individual by the United States government,

- b. **or** a non-expired driver's license issued to the individual by a State,
- c. **or** a non-expired identification document issued to the individual by a State, local government, or Indian tribe for the purpose of identifying the individual,
- d. **or** a non-expired passport issued by a foreign government to the individual, if the individual does not possess any of the other documents described, and

4) An image of the document from which the unique identifying number (above #3) was obtained.

At the present time there are **NO** extensions available for filing the BOI and the report is due by January 1, 2025 for most businesses.

Because of the incredible amount of confidential information that must be provided, we strongly emphasize that you do NOT use unknown 3rd party solicitors as they could use this confidential information to steal your or your company's identity or data.

Please contact our office immediately if you would like our assistance.

Best regards,

-The Jordan Hatfield, PLLC Team