

## Navigating the Corporate Transparency Act (CTA)

*This guide explains how the new Corporate Transparency Act affects small businesses in Massachusetts.*

### **What is the Corporate Transparency Act (CTA)?**

The Corporate Transparency Act (CTA) is a new law that creates reporting requirements for incorporated small businesses. It's supposed to counter money-laundering and other illicit activities. It has **severe civil and criminal legal penalties for non-compliance**.

The CTA requires corporations (including S-corporations), limited liability companies (LLCs), and similar entities formed or registered to do business in the U.S. to file a “**Beneficial Ownership Information Report**” (**BOI report**) with the Financial Crimes Enforcement Network (FinCEN), a federal agency.

Follow the steps below to see if the CTA applies to you and what you need to do to comply with the new law.

### **Step 1: Does the CTA apply to my business?**

**Most small businesses that are formal entities (LLCs, Corporations, and S-corps) will be a “reporting company” and will have to fill out the beneficial ownership and company report.** Corporations and LLCs will be considered reporting companies unless an exemption applies (click [here for exemptions](#)). Talk to an attorney if you think your business is exempted from filing a BOI report.

**If you check ALL of these boxes, your company likely IS a reporting company:**

- My business has less than \$5 million in gross receipts or sales a year
- My business is a for-profit business (**not** a non-profit)
- My business employs less than 20 people

### **Step 2: What information do I need to provide to comply with the CTA?**

If your company is a reporting company, then you will have to file the legal name, birthdate, address, and a copy of a government-issued ID for all:

- **Beneficial owners:** people who either exercise substantial control over the company (any senior officer like a CEO, CFO, etc.) **or** own or control at least 25% of the ownership interest (through equity, stock, voting rights, a capital or profit interest, etc.) A reporting company can have multiple beneficial owners and **all** beneficial owners must be reported. They all need to be disclosed in your report.
- **Company applicants** (Only if your business was created on or after January 1, 2024): The person who physically or electronically filed the document that created a domestic reporting company and/or the person who was primarily responsible for directing or controlling the filing of the creation or first registration document. They all need to be disclosed in your report.

## **Step 3: Completing your BOI report**

After you've identified ALL the beneficial owners and company applicants, then you must file your BOI report with the relevant information with FinCEN, the federal agency in charge of BOI reporting . You can file your BOI report [here](#). There is no filing fee.

The deadline to file your BOI report is based on when you formed your company:

- If your business **existed before January 1, 2024**, you have to file by January 1, 2025.
- If your business was **created on or after January 1, 2024**, you have 90 days to file the BOI report after receiving actual or public notice that your company's creation or registration is effective.
- If your business is **created after January 1, 2025**, you will have 30 days to file the BOI report after receiving actual or public notice that your company's creation or registration is effective.

## **Step 4: Updating your BOI Report**

You don't need to file a BOI report every year. However, if any of the beneficial owner information changes or you add or remove a beneficial owner, then you will need to submit an updated BOI form within 30 days from the date when the change happened.

Examples of changes you would need to report include:

- Change in name or address of a beneficial owner;
- Updated driver's license photo or ID number of a beneficial owner;
- A beneficial owner is removed (your CFO leaves the business); or
- A beneficial owner is added (a new CFO is hired)

## **What happens if I don't comply with the CTA?**

If you fail to file your BOI report on time, submit false information on your BOI report, or do not update information on your BOI report in the time frames provided, you could incur a **civil penalty of up to \$500 for each day that the violation continues – and you can also face criminal penalties, including imprisonment for up to two years along with a fine of up to \$10,000.**

## **Who can access the information submitted in my BOI report?**

BOI reports are not available to the general public, but FinCEN may share the information it collects with authorized government authorities and financial institutions, if requested in certain circumstances.