



## QUESTIONS AND ANSWERS

### REGARDING THE CORPORATE TRANSPARENCY ACT (“CTA”)

**QUESTION:** What is the Corporate Transparency Act or CTA?

**ANSWER:** It is a federal law enacted in 2021 that requires most companies doing business in the United States to report information about their “beneficial” owners. The law mandates that Reporting Companies file Beneficial Owner Information (“BOI”) reports with the U.S. Government and file updated reports as necessary.

**QUESTION:** What does “Beneficial Ownership” mean exactly?

**ANSWER:** A Beneficial Owner is an individual who either directly or indirectly: (1) exercises *Substantial Control* over the Reporting Company, or (2) owns or controls at least 25% of the Reporting Company’s ownership interests. Because Beneficial Owners must be individuals (i.e., natural persons), trusts, corporations, or other legal entities are not considered to be Beneficial Owners. However, in specific circumstances, information about an entity may be reported in lieu of information about a Beneficial Owner.

**QUESTION:** What happens if I ignore this requirement?

**ANSWER:** **WARNING:** You can be fined **\$591 per day (up to \$10,000)** and be sentenced **two (2) years in prison.**

A person who willfully violates the BOI’s reporting requirements may be subject to civil penalties of up to \$500 for each day (adjusted annually for inflation). As of the time of this publication, it is \$591 per day.

**QUESTION:** What if I only partially comply or provide false, incomplete or misleading information?

**ANSWER:** **WARNING:** The same penalties apply. You can be fined **\$591 per day (up to \$10,000)** and be sentenced **two (2) years in prison.**

Potential violations include willfully failing to file a Beneficial Ownership Information report, willfully filing false Beneficial Ownership Information, or willfully failing to correct or update previously reported Beneficial Ownership Information.

**QUESTION:** Why don’t I just pay the fine if I get caught?

**ANSWER:** Punishment is not simply a fine, it can also include a **prison sentence.** It’s important to note that the fine is *per violation* - not simply for violating the Act. The Act has requirements for filing corrections and amendments based on changing circumstances, and CTA violations will likely involve multiple instances of noncompliance before the Financial Crimes Enforcement Network (“FinCEN”) investigators make contact. Each reporting obligation also has a very short window (*thirty days*) within which to make the required filing, making inadvertent violations of the CTA highly likely. Be aware that with only twenty days needed to reach the maximum fine of \$10,000 per violation, many violations will likely come with the maximum \$10,000 price tag.

**QUESTION:** What are the Deadlines for reporting Beneficial Ownership Information?

**ANSWERS:** Reporting Companies created or registered to do business before January 1, 2024, have until January 1, 2025 to file their initial Beneficial Ownership Information reports.

Reporting Companies created or registered on or after January 1, 2024, and before January 1, 2025, will have 90 calendar days after receiving notice of the company’s creation or registration to file an initial BOI report. This 90-calendar-day deadline runs from the time the company receives



actual notice that its creation or registration is effective, or after a secretary of state or similar office first provides public notice of its creation or registration, whichever is earlier.

A Reporting Company created or registered on or after January 1, 2025, will have 30 calendar days from actual or public notice that the company's creation or registration is effective to file its initial BOI reports with FinCEN.

**QUESTION: What federal agency oversees the filing process and enforcement of this law?**

**ANSWER:** That responsibility lies with the Financial Crimes Enforcement Network, or FinCEN. It is a bureau of the United States Department of the Treasury that collects and analyzes information about financial transactions to combat domestic and international money laundering, terrorist financing, and other financial crimes.

**QUESTION: Which companies are required to report Beneficial Ownership Information?**

**ANSWER:** Companies required to report are called "Reporting Companies." There are two types of Reporting Companies: Domestic Reporting Companies and Foreign Reporting Companies

**QUESTION: Are some companies Exempt from filing? How do I know if mine is exempt?**

**ANSWER:** Yes, 23 types of entities are exempt from Beneficial Ownership Information reporting requirements. These entities include publicly traded companies meeting specified requirements, many nonprofits, and certain large operating companies.

Following is a list of those exempt entities:

1. Securities reporting issuers
2. Governmental authorities
3. Banks
4. Credit unions
5. Depository institution holding companies
6. Money services businesses
7. Brokers or dealers in securities
8. Securities exchanges or clearing agencies
9. Other Exchange Act registered entities
10. Investment companies or investment advisers
11. Venture capital fund advisers
12. Insurance companies
13. State-licensed insurance producers
14. Commodity Exchange Act registered entities
15. Accounting firms
16. Public utilities
17. Financial market utilities
18. Pooled investment vehicles
19. Tax-exempt entities
20. Entities assisting tax-exempt entities
21. Large operating companies
22. Subsidiaries of certain exempt entities



## 23. Inactive entities

**QUESTION: What if a Reporting Company later becomes Exempt after its initial filing?**

**ANSWER:** If a company filed a BOI report and later qualifies for an exemption, that company should file an updated BOI report to indicate that it is newly exempt from the reporting requirements. Updated BOI reports are filed electronically through the secure filing system. An updated BOI report for a newly exempt entity will only require that the entity: (1) identify itself, and (2) check a box noting its newly exempt status.

**QUESTION: What is “Substantial Control?”**

**ANSWER:** An individual can exercise Substantial Control over a Reporting Company in four different ways. If the individual falls into any of the categories below, the individual is exercising Substantial Control:

- The individual is a **senior officer** (the company’s president, chief financial officer, general counsel, chief executive officer, chief operating officer, or any other officer who performs a similar function).
- The individual has **authority to appoint or remove** certain officers or a majority of directors (or similar body) of the Reporting Company.
- The individual is an **important decision-maker** for the Reporting Company.
- The individual has any **other form of Substantial Control** over the Reporting Company.

**QUESTION: One of the indicators of Substantial Control is that the individual is an important decision-maker. What are examples of important decisions?**

**ANSWER:** Important decisions include decisions about a Reporting Company’s business, finances, and structure. An individual that directs, determines, or has substantial influence over these important decisions exercises Substantial Control over a Reporting Company.

**QUESTION: Who qualifies for an exception from the Beneficial Owner definition?**

**ANSWER:** There are five instances in which an individual who would otherwise be a Beneficial Owner of a Reporting Company may qualify for an exception. In cases where exceptions apply, the Reporting Company does not have to report that individual as a Beneficial Owner to FinCEN.

FinCEN’s Small Entity Compliance Guide includes a checklist to help determine whether any exceptions apply to individuals who might otherwise qualify as Beneficial Owners (see Chapter 2.4. “Who qualifies for an exception from the Beneficial Owner definition?”).

**QUESTION: In the past I have already given this type of information to another agency or to my bank; I don’t really have to provide it again to the federal government, do I?**

**ANSWER:** Yes, companies MUST submit Beneficial Ownership Information here. State or local governments, financial institutions, and other federal agencies (such as the IRS) may separately require entities to report certain Beneficial Ownership Information, but they are not a substitute for reporting Beneficial Ownership Information pursuant to the CTA.

**QUESTION: Who is a “Company Applicant” of a Reporting Company?**

**ANSWER:** Only Reporting Companies created or registered *on or after* January 1, 2024, will need to report their Company Applicants. A company that must report its Company Applicants will have only up to two individuals who could qualify as Company Applicants:



1. The individual who directly files the document that creates or registers the company, and/or
2. If more than one person is involved in the filing, the individual who is primarily responsible for directing or controlling the filing.

**QUESTION: Will a Reporting Company need to report any other information in addition to information about its Beneficial Owners?**

**ANSWER:** Yes. The information that needs to be reported, however, depends on when the company was created or registered.

- If a Reporting Company is created or registered *on or after* January 1, 2024, the Reporting Company will need to report information about itself, its Beneficial Owners, and its Company Applicants.
- If a Reporting Company was created or registered *before* January 1, 2024, the Reporting Company only needs to provide information about itself and its Beneficial Owners. The Reporting Company does not need to provide information about its Company Applicants.

**QUESTION: What was behind the push for this law, mandating that companies report Beneficial Ownership Information to the U.S. Department of the Treasury?**

**ANSWER:** The Beneficial Ownership Information reporting requirement is part of the U.S. Government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.

**QUESTION: Have companies been made aware of their BOI reporting requirements?**

**ANSWER:** FinCEN is engaged in a robust outreach and education campaign to raise awareness of, and help Reporting Companies understand, the new reporting requirements. That campaign involves virtual and in-person outreach events and comprehensive guidance in a variety of formats and languages, including multimedia content and the Small Entity Compliance Guide, as well as new channels of communication, including social media platforms. FinCEN is also engaging with governmental offices at the federal and state levels, small business and trade associations, and interest groups.

FinCEN will continue to provide guidance, information, and updates related to the BOI reporting requirements on its BOI webpage, [www.fincen.gov/boi](http://www.fincen.gov/boi). Subscribe here to receive updates via email from FinCEN about BOI reporting obligations.

**QUESTION: Under the Corporate Transparency Act, who can access Beneficial Ownership Information?**

**ANSWERS:** See below:

- Federal agencies engaged in national security, intelligence, or law enforcement activity.
- State, local, and Tribal law enforcement agencies with court authorization.
- Officials at the Department of the Treasury.
- Foreign law enforcement agencies, judges, prosecutors, and other authorities that submit a request through a U.S. Federal agency to obtain Beneficial Ownership Information for authorized activities related to national security, intelligence, and law enforcement.
- Financial institutions with customer due diligence requirements under applicable law (in order to facilitate compliance with those requirements).
- Federal functional regulators or other appropriate regulatory agencies that supervise or assess financial institutions with access to Beneficial Ownership Information (in order to supervise such financial institutions' compliance with customer due diligence requirements).



**QUESTION:** The CTA uses a number of words with defined meanings. Do you have a list of definitions?

**ANSWER:** Yes, here are important terms used in the law and their definitions:

<b>Reporting company</b>	An entity required to submit a BOI report under the CTANSWER: This includes both domestic Reporting Companies and foreign Reporting Companies.
<b>Domestic Reporting Company</b>	Any entity that is a Corporation, a Limited Liability Company (LLC), or that is formed by filing a document with a Secretary of State or similar office under state or tribal law, and that does not qualify for an exemption.
<b>Foreign Reporting Company</b>	An LLC, Corporation, or other entity formed under foreign law and registered to do business in the U.S. by filing a document with a secretary of state or similar office, and that does not qualify for an exemption.
<b>Beneficial owner</b>	An individual with either Substantial Control over a company, or who owns or controls 25% or more of its ownership interests.
<b>Beneficial Ownership Information (BOI)</b>	Personal identifying information about individuals who directly or indirectly own or control a company.
<b>Company applicant</b>	For domestic Reporting Companies, this is the person who files the document to create the company. For foreign Reporting Companies, the Company Applicant is the person who registers the company to do business in the U.S. In both domestic and foreign Reporting Companies, this refers to the person mainly in charge of guiding or overseeing the filing process when multiple individuals are involved in submitting the document.
<b>FinCEN identifier</b>	A unique number FinCEN issues to individuals and Reporting Companies upon application, replacing the need for identifying information about Beneficial Owners to be set forth in reports.
<b>Substantial control</b>	An individual is considered to have Substantial Control of a Reporting Company if they are a senior officer, have authority over key appointments, or are a crucial decision-maker.
<b>Ownership interest</b>	An arrangement that establishes ownership rights in a Reporting Company, like shares of equity, stock, voting rights, or other mechanisms indicating ownership.

**QUESTION:** What specific information must be included in a Beneficial Ownership Information report?

**ANSWER:** See table below:

<b>Reporting Company *</b>	<b>Beneficial Owner(s)</b>	<b>Company Applicant(s)</b>
Full legal name;	Full legal name;	Full legal name;
Any trade name or “doing business as” name, or “trading as” name;	Date of birth;	Date of birth;
A complete current address of its principal place of business or the primary location it conducts business in the U.S. if it does not have a principal place of business in the U.S.;	A complete current address of the individual’s residence;	A complete current address of the individual’s business if the individual who forms or registers an entity in the course of his/her business;
Jurisdiction of formation / first registration;	4) A unique identifying number and the issuing jurisdiction (e.g., non-expired passport, driver’s license, or any other state/local/tribe-issued identification documents);	A unique identifying number and the issuing jurisdiction (e.g., non-expired passport, driver’s license, or any other state/local/tribe-issued identification documents);
IRS Taxpayer Identification Number (e.g., EIN or TIN issued by a foreign jurisdiction).	An image of the document from subsection 4) above.	An image of the document from subsection 4) above.

\* A Reporting Company will also have to indicate whether it is filing an initial report or a correction or an update of a prior report.



**QUESTION: What are acceptable forms of identification that will meet the reporting requirements?**

**ANSWER:** The Corporate Transparency Act (CTA) requires a unique identification number found in one of the following acceptable forms of identification for individuals:

- A non-expired U.S. driver's license (including any driver's license issued by a commonwealth, territory, or possession of the United States).
- An unexpired ID issued by a U.S. state or local government, or Indian Tribe.
- An unexpired Passport issued by the U.S. Government.
- An unexpired Passport issued by a foreign government (permitted only when an individual does not have one of the other three forms of identification listed above).

**QUESTION: What is an example of a “non-expired identification document issued by a U.S. state or local government, or Indian Tribe”?**

**ANSWER:** A “non-expired identification document issued by a U.S. State or local government, or Indian Tribe” is a document issued by such authorities specifically for use as proof of the holder's identity. Such documents typically, but not always, include a photograph of the holder.

**QUESTION: Is a U.S. passport card an acceptable form of identification?**

**ANSWER:** Yes. With respect to Item 3 of the above list, a U.S. passport card is considered a type of passport issued by the U.S. Government, and a non-expired U.S. passport card is therefore an acceptable form of identification.

**QUESTION: What should I do if previously reported information changes?**

**ANSWER:** If there is any change to the required information about your company or its Beneficial Owners in a Beneficial Ownership Information report that your company filed, your company must file an updated report no later than 30 days after the date of the change.

A Reporting Company is not required to file an updated report for any changes to previously reported information about a Company Applicant.

**QUESTION: What are some likely triggers for needing to update a Beneficial Ownership Information report?**

**ANSWER:** The following are some examples of the changes that would require an updated Beneficial Ownership Information report:

- Any change to the information reported for the Reporting Company, such as registering a new business name.
- A change in Beneficial Owners, such as a new CEO, or a sale that changes who meets the ownership interest threshold of 25 percent.
- Any change to a Beneficial Owner's name, address, or unique identifying number previously provided to FinCEN.
- If a Beneficial Owner obtained a new driver's license or other identifying document that includes a changed name, address, or identifying number, the Reporting Company also would have to file an updated Beneficial Ownership Information report with FinCEN, including an image of the new identifying document.



**QUESTION: Can foreign governments access Beneficial Ownership Information?**

**ANSWER:** Foreign governments cannot directly access the Beneficial Ownership IT system, but they will be able to request Beneficial Ownership Information through intermediary Federal agencies. Foreign governments may request Beneficial Ownership Information for a law enforcement investigation or prosecution, or for a national security or intelligence activity authorized under the laws of the foreign country.

**QUESTION: Is Beneficial Ownership Information accessible under the Freedom of Information Act (FOIA)?**

**ANSWER:** No. Beneficial ownership information reported to FinCEN is exempt from disclosure under the Freedom of Information Act (FOIA).

**QUESTION: Who can file a BOI report on behalf of a Reporting Company, and what information will be collected regarding filers?**

**ANSWER:** Anyone a Reporting Company authorizes to act on its behalf, such as an employee, owner, or third-party service provider, like JWL International, may file a BOI report on the Reporting Company's behalf. When submitting the BOI report, individual filers should be prepared to provide basic contact information about themselves, including their name and email address. The person filing the BOI report, including a third-party service provider, must certify on behalf of the Reporting Company that the information is true, correct, and complete.

**QUESTION: Is there a requirement to annually report Beneficial Ownership Information?**

**ANSWER:** No. There is no annual reporting requirement. Reporting companies must file an initial BOI report and updated or corrected BOI reports as needed. FinCEN's Small Entity Compliance Guide includes more information about when to file initial BOI reports in Chapter 5.1, "When should my company file its initial BOI report?" and when to file updated and corrected BOI reports in Chapter 6, "What if there are changes to or inaccuracies in reported information?"

**QUESTION: What is a FinCEN identifier?**

**ANSWER:** A "FinCEN identifier" is a unique identifying number that FinCEN will issue to an individual or Reporting Company upon request after the individual or Reporting Company provides certain information to FinCEN. An individual or Reporting Company may only receive one FinCEN identifier.

FinCEN's Small Entity Compliance Guide includes additional information on FinCEN identifiers in Chapter 4.3, "What is a FinCEN identifier and how can I use it?"

**QUESTION: How do I request a FinCEN identifier?**

**ANSWER:** Individuals may request a FinCEN identifier starting January 1, 2024 by completing an electronic web form at <https://fin.cenid.fincen.gov>. Individuals will need to provide their full legal name, date of birth, address, unique identifying number and issuing jurisdiction from an acceptable identification document, and an image of the identification document. After an individual submits this information, they will immediately receive a unique FinCEN identifier. Reporting companies may request a FinCEN identifier by checking a box on the Beneficial Ownership Information report upon submission. After the Reporting Company submits the report, the company will immediately receive a unique FinCEN identifier. If a Reporting Company wishes to request a FinCEN identifier after submitting its initial Beneficial Ownership report, it may submit an updated Beneficial Ownership Information report requesting a FinCEN identifier, even if the company does not otherwise need to update its information.



**QUESTION: How can I use a FinCEN identifier?**

**ANSWER:** When a Beneficial Owner or Company Applicant has obtained a FinCEN identifier, Reporting Companies may report the FinCEN identifier of that individual in the place of that individual's otherwise required personal information on a Beneficial Ownership Information report. An individual who is both a Beneficial Owner and a Company Applicant will receive only one FinCEN identifier. A Reporting Company may report another entity's FinCEN identifier and full legal name in place of information about its Beneficial Owners when three conditions are met: (1) the other entity obtains a FinCEN identifier and provides it to the Reporting Company, (2) the Beneficial Owners hold interests in the Reporting Company through ownership interests in the other entity, and (3) the Beneficial Owners of the Reporting Company and the other entity are the exact same individuals.

**QUESTION: Who can request a FinCEN identifier on behalf of an individual?**

**ANSWER:** Anyone authorized to act on behalf of an individual may request a FinCEN identifier on the individual's behalf on or after January 1, 2024. FinCEN identifiers for individuals are provided upon request after the requesting party has submitted the necessary information. Obtaining a FinCEN identifier for an individual requires the requesting party to create a Login.gov account, which is tied to the individual receiving the FinCEN identifier. Individuals who receive a FinCEN identifier should ensure their login credentials, including email address and related multi-factor information associated with their Login.gov account, are saved for future reference. FinCEN's Small Entity Compliance Guide includes additional information on the FinCEN identifier in Chapter 4.3 "What is a FinCEN identifier and how can I use it?"

**QUESTION: Can a third-party service provider assist Reporting Companies by submitting required information to FinCEN on their behalf?**

**ANSWER:** Yes. Third-party service providers may lawfully submit Beneficial Ownership Information reports on behalf of Reporting Companies.

**QUESTION: What type of evidence will a Reporting Company receive as confirmation that its BOI report has been successfully filed by a third-party service provider?**

**ANSWER:** The BOI E-Filing application, available since January 1, 2024, provides acknowledgement of submission success or failure via provided email, and the submitter will be able to download a transcript of the BOI report. The Reporting Company will need to obtain this confirmation from the third-party service provider.

**FOR MORE INFORMATION:**

Visit our website at: [JWLInternational.com](https://www.jwlinternational.com), or Call us at (866) 582-2586.