



Doherty Wallace Pillsbury & Murphy P.C.

December 1, 2023

Dear Clients and Friends:

This letter is to inform you of a major change in the law that will impact almost everyone operating a business or non-profit through a legal entity such as a corporation, limited liability company, cooperative, or a limited partnership.

Effective January 1, 2024, a federal law known as the **Corporate Transparency Act** (CTA) will impose reporting requirements on all domestic entities (corporations, limited liability companies and limited partnerships) and foreign entities doing business in the United States, unless an exemption applies to the entity. There are over twenty types of entities that are exempt from the CTA reporting requirements. Those entities that are already subject to other substantial federal reporting requirements (such as public companies, banks, securities brokers and dealers, insurance companies and registered investment companies and advisors) are exempt. Large operating companies with more than 20 full-time US employees, an operating location in the US, and more than \$5.0 million in gross receipts or sales from US sources, as reported on the prior fiscal year tax return are also exempt. Certain tax-exempt entities, wholly-owned subsidiaries and inactive entities are also exempt.

For those many companies that do not fall under an exemption, the CTA reporting requirements become effective:

- For any person forming an entity with a state filing in any state on and after January 1, 2024, within 30 days of the filing (*unless the 90 day amendment is adopted*).
- For all entities existing on December 31, 2023, not later than January 1, 2025.

The reporting requirements require entities to file a form called a Beneficial Ownership Information (BOI) report with the federal Financial Crimes Enforcement Network (FinCEN). The BOI report includes information on the individual (Beneficial Owner) exerting substantial control over the entity or with a minimum of twenty-five percent ownership interest in the entity and on the individual who directly files the document that creates the reporting company (Company Applicant). The CTA and the underlying rules provide certain civil and criminal penalties for entities that fail to file the BOI report accurately and in a timely fashion. Penalties also apply to any Beneficial Owner failing to provide accurate and complete personal information on the BOI report.

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Rules further governing the CTA are currently being finalized by FinCEN. Please contact Doherty Wallace Pillsbury and Murphy for assistance in determining whether your entity is exempted and/or the preparation and filing your BOI reports. Attached, for your information, is a checklist, subject to finalization by FinCEN, of data which may be required to be reported on the BOI report. These materials are provided for informational purposes only. They do not constitute legal or tax advice and do not create an attorney-client relationship with you.

We look forward to working with you relative to full compliance with CTA as the rules are finalized by FinCEN.

Please contact us with any questions.

Very truly yours,

Doherty Wallace Pillsbury and Murphy

Enclosure

REQUIRED INFORMATION CHECKLIST FROM CHART 7, SECTION 4.1 OF THE “SMALL ENTITY COMPLIANCE GUIDE” CORPORATE TRANSPARENCY ACT

Reporting Company

- Full legal name.
- Any trade name or “doing business as” (DBA) name.
 - Report all trade names or DBAs.
- Complete current U.S. address.
 - Report the address of the principal place of business in United States, or,
 - If the reporting company’s principal place of business is not in the United States, the primary location in the United States where the company conducts business.
- State, Tribal or foreign jurisdiction of formation.
- For a foreign reporting company only, State or Tribal jurisdiction of first registration.
- Internal Revenue Service (IRS) Taxpayer Identification Number (TIN)(including an Employer Identification Number (EIN)).
 - If a foreign reporting company has not been issued a TIN, report a tax identification number issued by a foreign jurisdiction and the name of such jurisdiction.

Each Beneficial Owner and Company Applicant. *Not all reporting companies are required to report information about Company Applicants.*

- Full legal name.
- Date of birth.
- Complete current address:
 - Report the individual’s residential street address, except for company applicants who form or register a company in the course of their business, such as paralegals.
 - For such individuals, report the business street address. The address is not required to be in the United States.
- Unique identifying number and issuing jurisdiction from, and image of, one of the following non-expired documents:
 - U.S. passport.
 - State driver’s license.
 - Identification document issued by a state, local government, or tribe.
 - If an individual does not have any of the previous documents, foreign passport.