

Subject line: IMPORTANT Potential Business and Rental Property New Reporting Requirements

Good morning ~

Fall is upon us and before the holidays fill our calendars, I want to take time to inform you of two important items relating to my business clients, to include LLC rental property owners. And of course, a fun side benefit is that you will learn some new acronyms.

I am merely the messenger, wanting to ensure you are well-informed on items that may impact your business. It is not enjoyable for me to inform you of additional required reporting as I too lament having one more form in my life.

- **Beneficial Ownership Interest (BOI):** This may or may not impact you, depending on your legal business classification (which is different than your tax classification). New Beneficial Ownership Interest (BOI) reporting requirements by FINCEN will begin for certain established businesses in January 2025, for certain businesses newly formed after 1/1/2024, these begin in January 2024. See below and attached. For those already formed before 2024, we can assess your filing requirement when we file your 2023 tax return.
- **Employee Retention Credit (ERC):** If you qualify, deadlines for the Employee Retention Credit ERC for payroll taxes relating to wages paid between March 13, 2020, and September 30, 2021 are April 15th, 2024 for 2020 payroll and April 15, 2025 for 2021 payroll. **There are many aggressive, fraudulent solicitors out there; please do not fall prey to them.** See below for highlights.

BOI highlights:

- Please see the attached letter, taking note of which business types are required to file, deadlines and penalties for not filing. **Note if you are an LLC, you have a filing requirement.**
- My office will not be filing these non-tax related forms. This is informational reporting, not tax reporting. I am networking to find resources to help you with this filing. You can file on your own as well. The FINCEN resource page contains many helpful items: [Beneficial Ownership Information Reporting | FinCEN.gov](https://www.fincen.gov/boi) – <https://www.fincen.gov/boi>
- Carefully weigh and seek business legal advice regarding new business formation choices and if opting for the legal classification of an LLC/PLLC/PC etc. is right for your situation

ERC highlights:

- Helpful link and see attached: [Employee Retention Credit | Internal Revenue Service \(irs.gov\)](https://www.irs.gov/erc)
- While it has been temporarily suspended, the ERC program still exists. To determine if you qualify, work with a trusted professional who will apply the criteria to assess your situation. Again, **there are many aggressive, fraudulent solicitors out there; please do not fall prey to them.** I have referral sources if needed.
- In working with a qualified ERC preparer, carefully weigh your decision and related payroll tax benefit: If you qualify and claim the ERC, you will have to file amended income tax returns impacted by the payroll reduction which can have a cascading effect by requiring multiple amended returns for shareholders/partners

As always, I appreciate working with you and value your business.

Best-

ATLANTA SERVICES LLC

www.atalantaservices.com | 520-326-5075

5151 E. Broadway, Suite 1600 Tucson, AZ 85711
2440 E. 6th Street Tucson, AZ 85719

RE: Corporate Transparency Act — Beneficial Ownership Information Reporting Requirement

Dear Valued Client ~

Starting January 1, 2024, a significant number of businesses will be required to comply with the Corporate Transparency Act (“CTA”). The CTA was enacted into law as part of the National Defense Act for Fiscal Year 2021. The CTA requires the disclosure of the beneficial ownership information (otherwise known as “BOI”) of certain entities from people who own or control a company.

It is anticipated that 32.6 million businesses will be required to comply with this reporting requirement. The intent of the BOI reporting requirement is to help US law enforcement combat money laundering, the financing of terrorism and other illicit activity.

The CTA is not a part of the tax code. Instead, it is a part of the Bank Secrecy Act, a set of federal laws that require record-keeping and report filing on certain types of financial transactions. Under the CTA, BOI reports will not be filed with the IRS, but with the Financial Crimes Enforcement Network (FinCEN), another agency of the Department of Treasury.

Below is some preliminary information for you to consider as you approach the implementation period for this new reporting requirement. This information is meant to be general-only and should not be applied to your specific facts and circumstances without consultation with competent legal counsel and/or other retained professional adviser.

What entities are required to comply with the CTA’s BOI reporting requirement?

Entities organized both in the U.S. and outside the U.S. may be subject to the CTA’s reporting requirements. Domestic companies required to report include corporations, limited liability companies (LLCs) or any similar entity created by the filing of a document with a secretary of state or any similar office under the law of a state or Indian tribe.

Domestic entities that are not created by the filing of a document with a secretary of state or similar office are not required to report under the CTA.

Foreign companies required to report under the CTA include corporations, LLCs or any similar entity that is formed under the law of a foreign country and registered to do business in any state or tribal jurisdiction by filing a document with a secretary of state or any similar office.

Are there any exemptions from the filing requirements?

There are 23 categories of exemptions. Included in the exemptions list are publicly traded companies, banks and credit unions, securities brokers/dealers, public accounting firms, tax-exempt entities and certain inactive entities, among others. Please note these are not blanket exemptions and many of these entities are already heavily regulated by the government and thus already disclose their BOI to a government authority.

In addition, certain “large operating entities” are exempt from filing. To qualify for this exemption, the company must:

- a) Employ more than 20 people in the U.S.;
- b) Have reported gross revenue (or sales) of over \$5M on the prior year’s tax return; **and**
- c) Be physically present in the U.S.

Who is a beneficial owner?

Any individual who, directly or indirectly, either:

- Exercises “substantial control” over a reporting company, or
- Owns or controls at least 25 percent of the ownership interests of a reporting company

An individual has substantial control of a reporting company if they direct, determine or exercise substantial influence over important decisions of the reporting company. This includes any senior officers of the reporting company, regardless of formal title or if they have no ownership interest in the reporting company.

The detailed CTA [regulations](#) define the terms "substantial control" and "ownership interest" further.

When must companies file?

There are different filing timeframes depending on when an entity is registered/formed or if there is a change to the beneficial owner’s information.

- New entities (created/registered after 12/31/23) — must file within 30 days
 - There is proposed rulemaking allowing for new entities created in 2024 only to extend the 30-day timeframe to 90 days. The 90 day filing is likely to be approved by FINCEN.
- Existing entities (created/registered before 1/1/24) — must file by 1/1/25
- Reporting companies that have changes to previously reported information or discover inaccuracies in previously filed reports — must file within 30 days

What sort of information is required to be reported?

Companies must report the following information: full name of the reporting company, any trade name or doing business as (DBA) name, business address, state or Tribal jurisdiction of formation, and an IRS taxpayer identification number (TIN).

Additionally, information on the beneficial owners of the entity and for newly created entities, the company applicants of the entity is required. This information includes — name, birthdate, address, and unique identifying number and issuing jurisdiction from an acceptable identification document (e.g., a driver’s license or passport) and an image of such document.

Risk of non-compliance

Penalties for willfully not complying with the BOI reporting requirement can result in criminal and civil penalties of \$500 per day and up to \$10,000 with up to two years of jail time. For more information about the CTA, visit www.aicpa-cima.com/boi.

Please contact our office at 520-326-5075 to discuss your business situation.

Sincerely,

Michelle N. Kinnison, CPA