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## CORPORATE TRANSPARENCY ACT

If you are receiving this letter, it is because you are either a present or former client of Foster and Schmalkuche, P.C.

The purpose of this letter is to inform you of an important new development in federal law, which may apply to you, and which carries significant penalties for noncompliance.

As of January 1, 2024, Pursuant to the Corporate Transparency Act, certain "Reporting Companies" are required to report information about their "Beneficial Owners" to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of Treasury. **THIS LAW APPLIES ESPECIALLY TO SMALL BUSINESS ENTITIES.**

### **Is your company required to report?**

If you are an owner of a Corporation, S-Corporation, LLC, or other business entity created by filing a document with a secretary of state or similar office, it is likely that your company is a Reporting Company.

Companies in existence prior to 2024 **MUST** report before January 1, 2025. Companies formed in 2024 will have 90 days to file. Companies formed on or after January 1, 2025, will only have 30 days to complete the filing.

### **What must you report?**

The information Reporting Companies are required to report includes: (1) information about the Reporting Company; (2) the identity of Beneficial Owners; and for companies formed after January 1, 2024, (3) the identity of the Company Applicant.

### **Who are Beneficial Owners?**

The "Beneficial Owners" are those who "exercise substantial control" over the Reporting Company, or who own or control at least 25% of the ownership interest. Note that a person may be a beneficial owner by virtue of their ability to "exercise substantial control" without having an actual ownership interest in the company (e.g. high-level officers who are not owners).

**What are the penalties for noncompliance?**

Failure to report or attempt to provide false information may result in civil penalties of up to \$591 for each day the violation continues and/or criminal penalties consisting of up to two years in prison and/or a fine of up to \$10,000.

**How does my company file the report?**

Reports are filed electronically through FinCEN's website: <https://www.fincen.gov/boi>

**Additional information:**

Additional information relating to compliance with the Corporate Transparency Act, including the Small Entity Compliance Guide, can also be found on FinCEN's website (link above). The Small Entity Compliance Guide includes a list of entities exempt from this reporting.

**Disclaimer and Non-Solicitation:**

*This letter is not a solicitation or advertisement for accounting services. The purpose of this letter is solely to inform you of this recent development in the law. Unless we have been specifically retained to do so, Foster and Schmalkuche, P.C. is not responsible for filing your company's report, or for assisting you in complying with the CTA.*

If you would like us to prepare the report on your behalf, please contact us at 845-255-1813 or by emailing us at [info@fandscpa.com](mailto:info@fandscpa.com) so that we may provide you with our engagement letter along with a list of information needed to complete the form.

Thank you,

Foster and Schmalkuche, P.C.