

Corporate Transparency Act

What is it?

The Corporate Transparency Act (the "CTA") became effective in 2024. The purpose of this new, sweeping law and its related regulations is to stop illegal financial activities such as money laundering and drug trafficking. To meet these goals, the CTA requires many small companies in the U.S. to report information about those people and entities who own or control the small companies. Given the small nature of entities in the healthcare space, the CTA has significant impact on medical practices.

Important Terms:

- **Reporting Company:** Put simply, a "**Reporting Company**" under the CTA is any entity that is or has been created by the filing of a document with the Secretary of State or any similar governmental office that is not a "Large Operating Company", a highly regulated entity, a 501(c)(3), or a publicly traded company, to name a few. In most cases, a physician practice will qualify as a Reporting Company.
- **Beneficial Owner:** A "**Beneficial Owner**" is an individual who exercises "substantial control" over a Reporting Company or owns at least 25% of a Reporting Company. Although not intuitive, Beneficial Owners also can include officers and board members who are not actual owners of equity in the entity if they exercise control over the entity.
- **Beneficial Ownership information (BOI):** "**Beneficial Ownership Information**" is that information that must be disclosed regarding the individuals who "control" a Reporting Company.
- **Financial Crimes Enforcement Network (FinCEN):** "**FinCEN**" is a part of the U.S. Department of the Treasury charged with fighting illegal financial activities and supporting national security by collecting and analyzing financial information.

Who Needs to File a BOI Report?

If your business is a registered professional corporation, LLC, or other official form of a small business, you almost certainly will be a Reporting Company and likely will need to file a BOI report.. Sole proprietors or general partnerships do not need to file a BOI report because they are not registered entities; however, LLPs likely are Reporting Companies

When must we file??

- **Existing companies:** Companies created or registered before January 1, 2024, must file with FinCEN by January 1, 2025.
- **New companies:** Companies created or registered in 2024 have 90 days to file with FinCEN after they are officially registered.
- **Everyone:** When Beneficial Ownership changes, updated information must be filed within 30 days.

Are there exceptions?

There are some exceptions, but medical practices likely will not fit into any of the express exceptions to the filing requirements.

[BOI FAQs Q&A \(fincen.gov\)](https://www.fincen.gov/boi-faq)

Who can file a BOI report and what information is needed?

Anyone authorized by the company, like an employee, owner, or third-party service provider, can file a BOI report. They need to provide their name and contact information. We strongly suggest that practices retain legal counsel to file the reports and to provide guidance as to when such filings must be updated and amended.

What do I do next?

You need to report your practice's beneficial ownership information to FinCEN through their secure online system. There is no cost to submit the information to the FinCEN system; however, we recommend that each practice obtain legal counsel for guidance for which there will be costs.

<https://boiefiling.fincen.gov>)

What information do I need to gather before I file?

- The Reporting Company must provide the name, birthdate, address, and a unique identifying number from an acceptable identification form for each Beneficial Owner.
- Individuals can get a "FinCEN identifier" to use instead of their personal information if they will be filing multiple times with multiple entities

How do I file?

You can file directly on the FinCEN website or upload a completed PDF document to the site.

[BOIR E-File Online Quick Reference Guide.pdf](#)

[BOIR E-File Online Step-by-Step Instructions.pdf](#)

[BOIR E-File PDF Quick Reference Guide.pdf](#)

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