

Hello, Fellow Business Owners!

Congress passed the Corporate Transparency Act in 2021. This act requires businesses to report to the Treasury Financial Crimes Enforcement Network ([FinCEN](https://fincen.gov/)) information about individuals who own or control their company. I am writing to you today because, as the law stands, you may need to file your report on or before December 31, 2024.

Congress intends to help the government detect financial crimes. A lawsuit is currently questioning whether the federal government has overstepped. The lawsuit argues that this should be handled by the states since creating a business (LLC, partnership, S-Corp, or C-Corp) is done at the state level.

The law states that this will need to be updated with any changes. The change could be a change in ownership or a change with one of the owners. A change is as simple as being issued a new driver's license, as the issue date will change.

In addition to the lawsuits, many tax preparation software companies are requesting a change. They argue that if this continues to be a requirement, it should be handled annually and included with a business tax return. An IRS form and a business tax return could be created and filed.

If you have a business registered with the state, you need to file with FinCEN. Businesses created before January 1, 2024, have until December 31 to file their report. Reports filed late will incur a \$500 fine daily, up to \$10,000. FinCEN said this should only take a few minutes for most small business owners.

I will be happy to assist you with any questions you have, but most answers should be available directly from FinCEN (<https://fincen.gov/>).

Sincerely,

John Drake

Drake's Accounting & Taxes LLC