

INTRODUCTION

Congress enacted the Corporate Transparency Act¹ or CTA, to curb illicit financing or money laundering schemes that are used to support terrorism. CTA requires many companies in the U.S. to electronically file beneficial ownership information (BOI) to the [Financial Crimes Enforcement Network](#) (division of the U.S. Treasury) or Financial Crimes Enforcement Network (FinCEN) **before 1/1/25**. This filing requirement includes most medical practice entities.

Who must report BOI to FinCEN?

A company, including a medical practice, that is registered with the Tennessee Secretary of State's office (i.e., a corporation, LLC, PC, PLLC) is required to report its BOI to FinCEN and it is referred to as a "reporting company" under the CTA.

Any company in existence before 1/1/2024 has until 1/1/2025 to file its initial BOI report. Any company created in 2024 has 90 days to file after receiving verification that its registration is effective with the Secretary of State. Any company created beginning 1/1/2025 and after must file the BOI within 30 days.

Who does NOT have to report BOI to FinCEN?

A list of 23 entities exempt from this reporting requirement may be reviewed by [clicking here](#)².

What must be reported?

The beneficial owners of a company must be reported. A beneficial owner is any individual who, directly or indirectly:

- Exercises substantial control over a reporting company;
- OR
- Owns or controls at least 25 percent of the ownership interests of a reporting company.

The [Small Entity Compliance Guide](#) from FinCEN discusses in detail the definition of a "beneficial owner", "substantial control", and "ownership interest" under CTA³.

¹ Effective 1/1/2024

² Small Entity Compliance Guide, section 1.2, pg. 11 at https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide.v1.1-FINAL.pdf, visited on 10/10/24.

³ Small Entity Compliance Guide, section 02, pg 23 at https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide.v1.1-FINAL.pdf, visited on 10/10/24.



How do I file a report?

To help you prepare FinCEN has provided [Filing Instructions](#)⁴ with a section that details the information required to be reported and [Step-by-Step Instructions](#) (with screenshots).

All reports are filed electronically at <https://boiefiling.fincen.gov/>. There is no fee charged to file the BOI report. Click on **BOI E-Filing**.

What if I file an inaccurate report or if information changes?

Information on BOI report changes:	File updated BOI within 30 days of the change
Inaccurate information initially reported: inaccuracy	File updated BOI within 30 days of becoming aware of inaccuracy

Is there a penalty if this report is not filed?

Yes, willful violation subjects the individual to civil penalties of up to \$591 per day for each day the violation continues. There are criminal penalties of up to two years of prison and a maximum fine of \$10,000⁵.

⁴ BOI Filing Instructions, section III, pg 6-7 at file:///C:/Users/becky.morrissey/Downloads/BOIR_Filing_Instructions.pdf, visited on 10/10/24

⁵ FinCEN FAQs, K.2. at <https://www.fincen.gov/boi-faqs>, visited on 10/14/2024.

