



IN COMPLIANCE

HOLTZMAN VOGEL'S MONTHLY ROUND-UP



FINCEN BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS NOW IN EFFECT: NEW REPORTING REQUIREMENT APPLIES TO MANY SMALL BUSINESSES; NON-PROFITS ARE EXEMPT

A new reporting requirement under the Corporate Transparency Act went into effect on January 1, 2024. Under regulations adopted by the Treasury Department's Financial Crimes Enforcement Network, known as "FinCEN," many small businesses must now file an annual report disclosing their "beneficial ownership information."

What Entities Must File Beneficial Ownership Information Reports? What Exemptions Apply?

The new reporting rule applies to corporations, LLCs, and any other entity that is created by filing a formation document that establishes the entity's legal existence with a Secretary of State or similar state official, although numerous exemptions apply (discussed below). The new law also applies to entities created under foreign law that register to do business in any state or U.S. territory.



Qualifying entities are referred to as “reporting companies,” and include corporations, limited liability companies (LLCs), and limited liability partnerships (LLPs). (Business forms not created by filing a formation document, such as sole proprietorships and general partnerships, are excluded.)

Twenty-three types of entities are exempt from FinCEN’s reporting requirements. Two of the most significant exemptions are for:

- Tax-exempt organizations, including Section 501(c) organizations and Section 527 political organizations (including all candidate committees, PACs, and party organizations).
- Large operating companies, which includes any entity that employs more than 20 full-time employees in the U.S., has an operating presence at a physical office in the U.S., and reported more than \$5 million in gross receipts or sales in the previous year on the entity’s federal tax return.

When Are Reports Due?

Qualifying entities that were created or registered before January 1, 2024 must file an initial FinCEN report before January 1, 2025.

For qualifying entities that are created or registered after January 1, 2024, an initial FinCEN report must be filed within 30 days after the entity’s organizing documents are accepted by a state Secretary of State or similar official. Beginning January 1, 2025, new entities will be required to file an initial report within 30 days of registration.

After filing the initial report, a reporting entity must report any updates or amendments within 30 days.

While there is no annual reporting requirement, each reporting company has an ongoing obligation to keep its reported information current.

What Information Must Be Disclosed?

The initial report requires the disclosure of information regarding the reporting company itself and its “beneficial owners.” Generally speaking, beneficial owners

are the individuals who own and control the reporting company. The FinCEN rules define a “beneficial owner” as, with respect to a reporting company, any individual who (1) directly or indirectly, either exercises substantial control over such reporting company or (2) owns or controls at least 25 percent of the ownership interests of such reporting company.

Are Reports Made Public?

No. Beneficial ownership reports are not publicly available. Disclosed information will be accessible only by government agencies and financial institutions.

How Do I File My Report?

Reports are filed through FinCEN’s online reporting system, known as the Beneficial Ownership Secure System (BOSS), which is accessible at <https://www.fincen.gov/boi>. This system began accepting reports on January 1, 2024.

How can Holtzman Vogel help?

We are committed to meeting the broad range of compliance needs that may arise for our clients, including handling your FinCEN reporting from start to finish. Please contact your Holtzman Vogel attorney to determine whether reporting is required. We will work with you to ensure your filing is accurately and timely submitted.

FEC ALLOWS FEDERAL CANDIDATES AND OFFICEHOLDERS TO ESTABLISH STATE LEADERSHIP PACS: ADVISORY OPINION AUTHORIZES ADDITIONAL COMMITTEES WITH SEPARATE CONTRIBUTION LIMITS

On January 11, the FEC approved an advisory opinion allowing a federal candidate or officeholder to establish a state leadership PAC (S-LPACs) that will engage solely in state and local (i.e., nonfederal) elections and ballot measures. The new S-LPAC will have its own separate contribution limits, meaning contributions to the new committee will not count against a donor’s limit to the candidate’s or officeholder’s existing federal leadership PAC.

For more information, see [here](#).



FEC INCREASES LOBBYIST BUNDLING DISCLOSURE THRESHOLD



On January 29, 2024, the FEC announced that the reporting threshold for contributions bundled by lobbyists has been increased to \$22,700 for 2024. (The threshold for 2023 was \$21,800.)

As a general matter, a campaign committee, Leadership PAC, or party committee is required to file disclosure reports detailing “bundled contributions” received from, or credited to, a federal lobbyist, registrant, or lobbyist/registrant PAC if those bundled contributions exceed the \$22,700 threshold during a reporting period. Reportable bundled contributions are disclosed on FEC Form 3L.

This update is for informational purposes only and should not be considered legal advice. Entities should confer with competent legal counsel concerning the specifics of their situation before taking any action.

Please reach out to one of the following compliance partners or your personal Holtzman Vogel contact with any questions.

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