

CLIENT NEWSLETTER FOR COMPANIES

Corporate Transparency Act

The purpose of this Newsletter is to provide companies with an overview of a new federal reporting requirement under the Corporate Transparency Act (“CTA”).

It is our hope that these Newsletter will serve as a helpful resource as our corporate clients in the US and Headquarters in Japan make important strategic decisions. The team at Miura & Partners US is ready to assist in developing and executing strategies to effectively manage business risks. Please do not hesitate to contact us if we can be of any assistance. It would be our privilege to serve you.

Starting as of January 1, 2024, the Corporate Transparency Act (“CTA”) requires almost all small and medium companies doing business in the US to report information (particularly information about their individual beneficial owners) to the US Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”). Please see below for an overview of this new law, including who must file a report, what information must be reported, when reports are due, and the penalties for noncompliance.

Purpose of the Corporate Transparency Act

The CTA is intended to prevent and combat bad actors from concealing their ownership of US companies to facilitate illegal activities, including money laundering, terrorist financing, corruption, tax fraud, securities fraud, financial fraud, and human and drug trafficking. To this end, the CTA requires Reporting Companies (defined below) in the US to file reports to disclose information about all of their beneficial owners.

“Beneficial Owners” are any individuals (i.e., natural persons) who directly or indirectly

- (i) own 25% or more of the Reporting Company, and/or
- (ii) exercise substantial control over the Reporting Company, including:
 - Certain officers (President, CEO, CFO, COO, General Counsel).
 - Individuals who have the power to appoint or remove the officers above and/or a majority of the Reporting Company’s board of directors.
 - Individuals who control or have substantial influence over the Reporting Company’s important business, financial, or governance decisions.

Who Must File a Report

Companies (including corporations, LLCs, LLPs, and similar entities) are required to file a FinCEN beneficial ownership interest report (“BOI Report”) if they are (i) domestic US entities or (ii) foreign entities which have registered to do business with a US state, and provided that they are not otherwise exempted by the CTA (“Reporting Companies”).

The CTA exempts 23 specific types of entities—these entities are not Reporting Companies and therefore are not required to file BOI Reports. Exempt entities include certain publicly traded corporations, tax-exempt nonprofit organizations, large operating companies, regulated companies that already disclose beneficial ownership information to federal regulators, and wholly owned subsidiaries of an exempt entity.

What Information Must Be Reported

Reporting Companies formed before January 1, 2024 are required to file a BOI Report which includes information about the company and its Beneficial Owners, as detailed below.

- *Company Information.*
 - The company’s full legal name;
 - “Doing business as” or trade names (if any);
 - The company’s current U.S. address;
 - The company’s jurisdiction of formation; and
 - The company’s Federal Employer Identification Number (FEIN).

- *Beneficial Owner(s)’ Information.*
 - Full legal name;
 - Date of birth;
 - Current residential address; and
 - A copy of a government issued identification (e.g., U.S. driver’s license, U.S. passport, or foreign passport).

Where To File

Reporting Companies must file BOI Reports with FinCEN online at <https://boiefiling.fincen.gov/>.

Initial Filing Deadline

The filing deadline for the initial BOI Report varies based on the date when the Reporting Company was formed or registered to do business in the US.

<u>Date of US Formation/Registration</u>	<u>Initial Filing Deadline</u>
Before January 1, 2024	January 1, 2025
During the 2024 Calendar Year	Within 90 days of formation/registration
January 1, 2025 or later	Within 30 days of formation/registration

Subsequent Filings

After filing the initial BOI Report, a Reporting Company must file an updated BOI Report within 30 days of any changes in beneficial ownership or other reported information.

Penalties

The penalties for willfully failing to file an initial or updated BOI Report, or for filing false or incomplete information in a BOI Report include:

- Civil penalties of up to \$500 per day the violation continues, up to \$10,000 per violation; and
- Criminal penalties of up to two years in prison and/or a fine of up to \$10,000.

Recommended Action Items

Companies that are or will be formed or registered to do business in the US should:

- Determine whether the company is a Reporting Company under the CTA;
- Identify all Beneficial Owners and obtain all required personal information (and for to-be-formed companies, identify 1-2 company applicants and obtain all required personal information);
- File the initial BOI Report with FinCEN before the initial filing deadline; and
- Continue to monitor the reported information about the company and its beneficial ownership, and file an updated BOI Report within 30 days of any changes.

If you have any questions about the CTA or if we can assist in identifying your company's filing obligations and/or filing a BOI Report, please do not hesitate to contact us.

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