

## News Release

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### **Reports from Farm and Ranch Owners Now Required Under New Corporate Transparency Act**

[Oklahoma City, OK – August 14, 2024] In 2021, Congress passed a law called the Corporate Transparency Act. Its goal was simple: prevent financial crimes by knowing the identity of corporation owners. In many states, forming a company is as easy as filing a document with the secretary of state and many types of legal entities like limited liability companies (LLC) offer tremendous privacy to their owners. With concerns mounting around foreign business acquisitions, Congress wanted a way to unmask anonymous legal entities.

While the law's intentions may have been good, honest farmers and ranchers have been unfortunately caught up in the Corporate Transparency Act and are now subject to its onerous rules. The law requires companies with 20 or fewer employees to file beneficial ownership information with the Financial Crimes Enforcement Network (FinCEN), a division of the U.S. Department of the Treasury, identifying who owns or controls the company. The stakes are also high because the law comes with severe penalties. Failing to file a report on time can result in fines of \$500 per day and willfully ignoring the law can result in up to two years of jail time.

Thankfully, complying with the law is fairly straightforward but farmers and ranchers must act now to review the law and gather information to file with FinCEN. **Any corporation, LLC, or other type of legal entity that has 20 or fewer employees and files with the secretary of state is likely required to file with FinCEN.** These reports to FinCEN include basic identifying information about the people who have “beneficial ownership” of a company—information like legal name, date of birth, home or business address, and a driver's license or passport number. While FinCEN has a specific legal definition of “beneficial owner,” it generally applies to those who own over 25% of the company, have significant say in its operations, or receive a large benefit from its assets.

FinCEN started accepting reports at the start of 2024 and deadlines for filing these reports are rapidly approaching. For companies created or registered prior to January 1, 2024, FinCEN reports must be submitted by January 1, 2025. For companies created in 2024, owners have just 90 days after forming their company to submit a report to FinCEN. That deadline shrinks to just 30 days in 2025. Additionally, any updates or corrections to FinCEN reports must be submitted within 30 days.

This new requirement can be confusing, but FinCEN has created resources like a frequently asked question document and a Small Entity Compliance Guide. Both resources, and the form to file with FinCEN, are available at [www.fincen.gov/boi](http://www.fincen.gov/boi). Producers with additional questions can also contact FinCEN by calling 1-800-767-2825 toll free or 703-905-3591.

OCA encourages cattle producers to consult with their tax professional or attorney for advice as to whether the Corporate Transparency Act applies to you and your cattle business. OCA thanks NCBA for detailed content for this editorial.