

Stephanie Berg Law PC

www.stephanieberglaw.com

sberg@stephanieberglaw.com

(310) 486-0656

3019 Wilshire Blvd., #242

Santa Monica, CA 90403

Happy New Year! I hope everyone's 2024 is off to a great start. As many of you may be aware by now, with the new year comes new laws... so there are two that I want to make you aware of:

- 1) The new FinCEN Beneficial Ownership Information Reporting requirements, and
- 2) New increased CA Paid Sick Leave.

1. New FinCEN Beneficial Ownership Information Reporting

As you may or may not know, on January 1, 2024, a new law went into effect mandating a Beneficial Ownership Information (BOI) Report be filed for all new and existing business entities registered in the United States. This will require reporting information about an entity's beneficial owners with the U.S. Department of Treasury's Financial Crimes Enforcement Network, also known as FinCEN.

This means that if you have an entity formed or registered in any state in the United States – this includes LLC, PLLC, corporation, professional corporation, or professional association -- you will need to file a BOI Report. (This requirement is irrespective of whether your LLC or PLLC is taxed as a disregarded entity, partnership or S-Corp and irrespective of whether your corporation, professional corporation or professional association is taxed as a C-Corp or S-Corp).

Sole proprietorships do not need to file a BOI Report.

If the entity was formed prior to January 1, 2024, you have until December 31, 2024 to file the entity's BOI Report.

If the entity was formed on or after January 1, 2024 and before December 31, 2025, you will have 90 days from the date of formation to file the entity's BOI Report.

If the entity is formed on or after January 1, 2025, you will have 30 days from the date of formation to file the entity's BOI Report.

I am including a detailed fact sheet below that should give you all the info you need to know about what to do next.

If you have an existing entity, you have two options: 1) you can complete your entity's BOI Report online yourself (it is fairly straightforward), or 2) I am offering to do it for a flat fee of \$325 per entity/BOI Report filing. If you would like to do it on your own, I am providing steps below. Otherwise, please get in touch with me, and I am happy to assist.

Here is a link to the FAQ from FinCen which has helpful information (I also have an abbreviated summary below):

https://www.fincen.gov/boi-faqs#B_1

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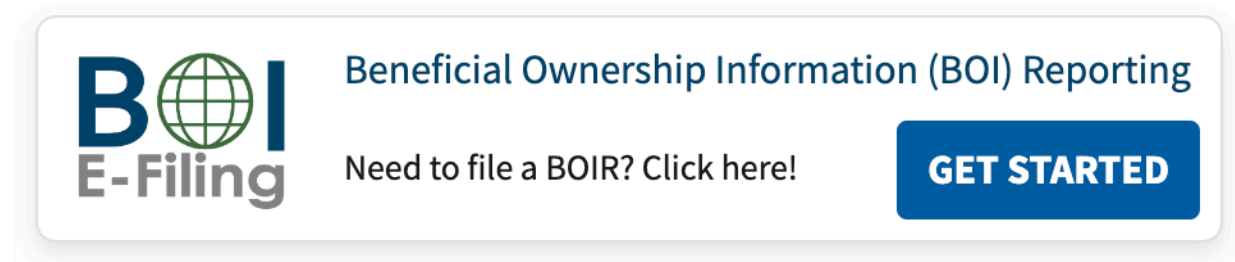
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If you want to do the process yourself:

Go to:

<https://boiefiling.fincen.gov/>

Click on: Beneficial Ownership Information (BOI) Reporting – Get Started

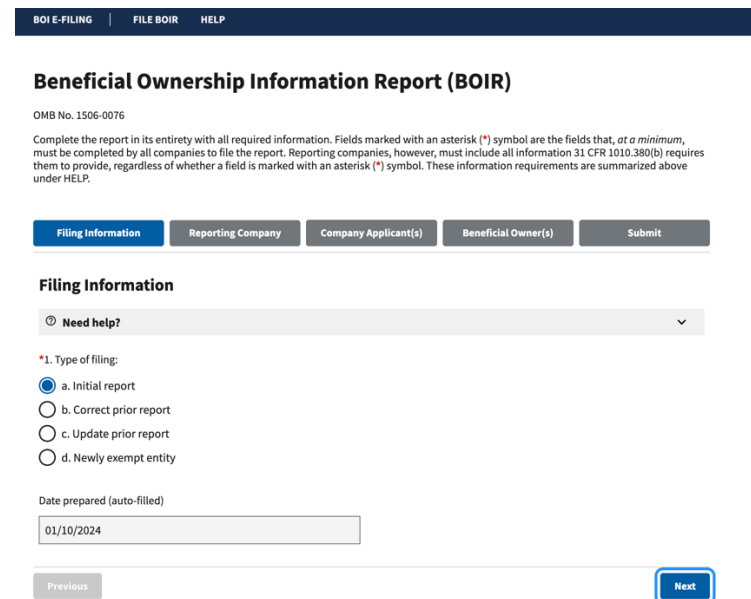


The banner features the BOI E-Filing logo on the left, which consists of the letters 'BOI' in a large, bold, blue font with a globe icon for the 'O', and 'E-Filing' in a smaller, grey font below it. To the right of the logo, the text 'Beneficial Ownership Information (BOI) Reporting' is displayed in a blue font, followed by 'Need to file a BOIR? Click here!' in a black font. A prominent blue button with the white text 'GET STARTED' is located on the right side of the banner.

Click: Prepare and Submit BOIR

<https://boiefiling.fincen.gov/fileboir>

Click: Initial Report



The screenshot shows the 'Beneficial Ownership Report (BOIR)' form. At the top, there is a dark blue navigation bar with 'BOI E-FILING', 'FILE BOIR', and 'HELP' links. Below this, the title 'Beneficial Ownership Report (BOIR)' is displayed, followed by the OMB No. 1506-0076. A paragraph of instructions explains that fields marked with an asterisk (*) are required. Below the instructions is a horizontal menu with five tabs: 'Filing Information' (selected), 'Reporting Company', 'Company Applicant(s)', 'Beneficial Owner(s)', and 'Submit'. The 'Filing Information' section includes a dropdown menu for 'Need help?' and a section for '1. Type of filing:' with four radio button options: 'a. Initial report' (selected), 'b. Correct prior report', 'c. Update prior report', and 'd. Newly exempt entity'. Below this is a 'Date prepared (auto-filled)' field containing '01/10/2024'. At the bottom, there are 'Previous' and 'Next' buttons.

Next, enter the entity name and EIN, plus state of formation and physical address

****Check the “Existing Reporting Company” box if the entity was formed prior to Jan 1, 2024 (If formed after Jan 1, 2024, then do not check this box and you will have to enter the information about the person who formed the entity.).**

Again, let me know if you would like assistance. I am offering a flat fee of \$325 per entity/BOI Report to do the filing.

Background and Additional Information:

In 2021, Congress passed the Corporate Transparency Act (CTA), **31 U.S.C. 5336**, which went into effect on January 1, 2024. It applies to both existing and newly formed entities with the objective of establishing uniform reporting requirements for businesses to combat tax fraud, money laundering, terrorism financing, and similar illicit activities.

Which Companies Need to Report?

- Domestic Reporting Companies: Corporations, Limited Liability Companies (LLCs), and any other entities registered in any state in the U.S.
- Foreign Reporting Companies: Entities formed within and under the law of a foreign country which also registered to do business in the U.S. by the filing of a document with a secretary of state, or any similar State or Tribal office, in the U.S.
- The requirement is only applicable to small businesses which are defined as business that either earn less than \$5 million in gross receipts or have fewer than 20 full time employees in the United States.
- Entities that are not created by the filing of a document with a Secretary of State or similar state office are not required to report BOI, which includes most Trusts, Sole Proprietorships and General Partnerships.

Penalties for Noncompliance:

Willful noncompliance will carry a civil fine of up to \$500 per day, each day after the entity's deadline to file, and jail time of up to 2 years.

Who is Exempt?

FinCEN identified 23 company types that are exempt from filing BOI Reports:

1. Securities reporting issuer
2. Governmental authority
3. Bank
4. Credit union
5. Depository institution holding company
6. Money services business
7. Broker or dealer in securities
8. Securities exchange or clearing agency
9. Other Exchange Act registered entity
10. Investment company or investment adviser
11. Venture capital fund adviser
12. Insurance company
13. State-licensed insurance producer
14. Commodity Exchange Act registered entity
15. Accounting firm
16. Public utility
17. Financial market utility
18. Pooled investment vehicle

19. Tax-exempt entity
20. Entity assisting a tax-exempt entity
21. Large operating company
22. Subsidiary of certain exempt entities
23. Inactive entity

Conditions for “Inactive Entity” Exemption:

To be considered an Inactive Entity, it must meet all conditions:

1. Is not engaged in active business.
2. Was registered before January 1st, 2020. If registered on or after this date, the entity must file a BOI Report regardless of activity
3. Is not owned by a Foreign Person, a person who is not a US Citizen, or not a US Resident
4. Is not owned by a partnership, corporation, or other estates and trust.
5. Has not experienced any change of ownership in the preceding 12-month period.
6. In the preceding 12-month period, the entity has not sent or received any funds in an amount greater than \$1,000, either directly or through any financial account that the entity had an interest in.
7. Does not hold any assets, whether in the USA or abroad, including any ownership in any corporation, LLC, or a similar entity.

When Do You Need to Report?

- Entities registered before 01/01/2024: Must file by 01/01/2025
- Entities registered on or after 01/01/2024: Must file within 90 days of the formation date
- Updates: If there is a change to any of the information previously reported, an updated report must be filed no later than 30 days after the date of the change.
 - Changes include:
 - A change in beneficial owners.
 - A change in beneficial owner’s name, address, or unique identifying number.
 - The Company has a new status that exempts it from filing a BOI Report.
- Corrections: If a BOI Report was filed with inaccurate information, you must file a corrected report no later than 30 days after the date your company becomes aware of the inaccuracy.

What Information Needs to be Reported?

Company Registration Details:

- Legal Name
- DBA/Trade Names
- Current Street Address of Principal Place of Business in the US
- State or Jurisdiction of Registration
- Taxpayer ID Number (EIN)

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Beneficial Owners Information:

For each Beneficial Owner, defined by individuals with greater than 25% ownership or those with substantial control:

- Individual's Name
- Date of Birth
- Residence Address
- Identifying Number of an acceptable government-issued ID, such as a Passport or Driver's License, and the name of the issuing state or jurisdiction
- Image of an acceptable government-issued ID

Company Applicant Information:

Only entities formed on or after January 1, 2024 need to report Company Applicant information.

A Company Applicant is the individual who directly submits the application for the entity's formation to the Secretary of State (this would be me if I form the entity for you).

You can list a maximum of 2 individuals as Company Applicants for an entity.

- Individual's Name
- Date of Birth
- Residence Address
- Identifying Number of an acceptable government-issued ID, such as a Passport or Driver's License, and the name of the issuing state or jurisdiction
- Image of an acceptable government-issued ID

Who is a Beneficial Owner?

An individual who either owns or controls a substantial percentage of the Company's ownership (25% ownership or greater), or exercises substantial control over the Company.

Ownership Interests

- Individuals that own or control at least 25% of the Company's ownership interests, including shares of equity, stock, voting rights, or any other mechanism used to establish ownership.

Substantial Control

An individual in any of the 4 categories below exercises "substantial control" of the Company:

- A senior officer (such as a President, CEO, Manager, COO, General Counsel, etc).
- Has the authority to appoint or remove officers or directors.
- Important decision-makers of the company's nature, scope, product offering, geographies, finances, sale of assets, compensation structure, amendments to governance docs, etc.
- An individual with any other form of substantial control over the company

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Beneficial Owner Exceptions

The following are exceptions and are not included in the class of Beneficial Owners and therefore do not have to report that individual as a beneficial owner to FinCEN:

- Minor children
- Nominees, intermediaries, custodians, and agents
- Employees (with the exception of senior officers)
- Inheritors
- Creditors

Who Gets Access to The BOI Report?

- BOI information will not be publicly searchable.
- Federal, State, local and Tribal officials who submit a request through a US Federal government agency, will be able to obtain BOI reports for authorized activities.
- Financial institution regulators will have access to BOI reports when they are assessing a financial institution's compliance with CDD requirements.
- Financial institutions will be able to request and receive BOI, however, only with the consent of the Reporting Company, and these requests will be required to be specific to an individual Reporting Company; they will not be able to request open-ended queries.

What is a FinCEN Identifier?

Individuals can apply for a unique FinCEN Identifier to use instead of listing their personal information on every report. This is convenient for individuals whose information will be repeatedly used when filing BOI Reports.

2) California Paid Sick Leave Changes.

If you have any employees in California besides yourself – whether you are located in California or you are located in another state but employ a California employee, there has been a change to California Paid Sick Leave requirements. ****Please note if you are in Los Angeles, the paid sick leave requirement is higher – and in many other cities the paid sick leave requirement may also be higher than the state requirement. Please be sure to check your local city requirements or contact me if you want me to research them.**

In California, most workers earn Paid Sick Leave to take time off work to care for themselves or a family member. Read about the different types of Paid Sick Leave below.

Paid Sick Leave (PSL)

Paid Sick Leave (PSL) is a permanent law in California that requires employers to provide paid time off to workers for treatment, diagnosis or preventative care for themselves, a family member or a designated person. **Starting January 1, 2024, employers must provide at least 40**

hours or five days (whichever is more) off each year to most workers. This includes full-time, part-time and temporary workers who meet these qualifications:

- Work for the same employer for at least 30 days within a year in California, and
- Complete a 90-day employment period before taking any paid sick leave

PSL can be used to:

- Recover from physical/mental illness or injury
- To seek medical diagnosis, treatment, or preventative care
- To care for a family member who is ill or needs medical diagnosis, treatment, or preventative care

Employers can choose to provide more PSL hours or days off. Employers can choose to have a PSL policy that provides all of the hours at one time, or the policy can require employees to earn the paid sick leave hours in an accrual plan. **Employees under an accrual plan must earn at least one hour of paid sick leave for each 30 hours of work.**

- [Fact sheet on Paid Sick Leave in California](#)
- Frequently Asked Questions on [Permanent Paid Sick Leave law that took effect in 2015](#)

No longer available: Supplemental Paid Sick Leave for COVID-19 (SPSL)

Supplemental Paid Sick Leave (SPSL) for COVID-19 was a law in 2021 and 2022 that required employers to provide additional paid time off for certain COVID-19 reasons. The law expired on December 31, 2022. [Read more about 2022 SPSL](#) if you think you should have received this additional paid time off due to COVID-19 in 2021 or 2022. .

Other Paid Leave Options

Vacation Pay

- There is no legal requirement in California that an employer provide either paid or unpaid vacation time. However, if an employer does have an paid vacation agreement, then certain restrictions are placed on the employer for fulfilling their obligation to provide vacation pay.

Read more about [Vacation Pay](#).

Workers' Compensation

- Employers with one or more employees must maintain a valid workers' compensation insurance policy that pays for benefits for workers to recover from work-related injuries and illnesses.

Read more about [workers' compensation for employers](#) and [workers' compensation for employees](#).