

THE CTA: REPORTING ISSUES AFFECTING YOU, YOUR CLIENTS AND YOUR BOTTOM-LINE

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STEP Southwest Florida Chapter Meeting

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THE CORPORATE TRANSPARENCY ACT (CTA)

- Enacted into law on January 1, 2021.
- **Effective on January 1, 2024.**
- Requires reporting to the U.S. federal government of certain information identifying regarding the individuals who directly or indirectly own or control certain legal entities.
- This information will be maintained in a central (allegedly) secure national non-public database to be administered by the Financial Crimes Enforcement Network (FinCEN), part of the U.S. Department of the Treasury.
- The purpose of the CTA is to prevent individuals from “hiding” behind company structures and combat tax evasion, money laundering, terrorism, and other financial crimes.
- **Reporting forms have yet to be issued.**

BENEFICIAL OWNERSHIP INFORMATION REPORTING FAQs AS OF SEPTEMBER 29, 2023

- The purpose of BOSS is to collect, maintain, safeguard and disclose BOI as permitted or required by the CTA and its implementing regulations.
- FinCEN is required to maintain BOI relating to each Reporting Company for not fewer than five years after the date on which the Reporting Company terminates.
- The Reporting Company report will be the Beneficial Ownership Information Report (BOIR), which includes the Initial BOIR, Updated BOIR and Corrected BOIR.
- The Notice describes the three categories of individuals covered by BOSS:
(1) individuals whose information is reported to FinCEN through BOIRs, which will be reported either as Beneficial Owners or Company Applicants;
(2) individuals who request FinCEN Identifiers; and
(3) individuals who submit BOIRs on behalf of the Reporting Company to FinCEN.

ACCESS TO THE CTA DATABASE

- U.S. Federal national security, intelligence, and law enforcement agencies;
- State, local, and Tribal law enforcement agencies with court authorization;
- U.S. Department of the Treasury;
- Financial institutions using beneficial ownership information to conduct legally-required customer due diligence, so long as they have their customer's consent;
- Federal and state regulators assessing financial institutions for compliance with legally-required customer due diligence obligations; and
- Foreign law enforcement agencies and certain other foreign authorities who submit qualifying requests for the information through a U.S. Federal agency.

FINCEN GUIDANCE

- FinCEN released the Small Entity Compliance Guide (the “Guide”) on September 18, 2023.
- The Guide is intended to assist small entities to comply with the Reporting Rule. It consists of six chapters and an appendix that consider the following issues:
 - 1) Does my company have to report beneficial owners?
 - 2) Who is a beneficial owner of my company?
 - 3) Does my company have to report its company applicants?
 - 4) What specific information does my company need to report?
 - 5) When and how should my company its Initial BOI report?
 - 6) What if there are changes to or inaccuracies in reported information?

“REPORTING COMPANY”— FILING THE BOI RETURN

- A Reporting Company must electronically file with FinCEN an initial return, called a Beneficial Ownership Information Return (BOIR).
- The BOIR will contain information about (1) the Reporting Company itself, (2) the individual(s) (known as the Beneficial Owners, who directly or indirectly control or own the Reporting Company) and (3) provided the entity is formed or registered on or after January 1, 2024, the individual(s) who is (are) Company Applicant(s) of the Reporting Company.
- A Reporting Company also will be required to file Updated and Corrected BOIRs if there are changes or corrections to the information filed in the Initial BOIR by certain specified due dates.
- Note that the company reports, not the Beneficial Owner.

“REPORTING COMPANY”—DEFINITION

- A foreign or domestic corporation, limited liability company, or similar entity. Subject to the applicability of an exemption, common examples will include LLPs, LLLPs, most LPs and business trusts, in addition to corporations and LLCs, because such entities are generally created by a filing with a Secretary of State or similar office.
- A Domestic Reporting Company is an entity created by the filing of a document with a secretary of state or a similar office under the law of a state or Indian tribe.
- A Foreign Reporting Company is:
 - (1) an entity formed under foreign law,
 - (2) that has registered to do business in a state or Indian Tribe by the filing of a document with a secretary of state or a similar office under the law of a state or Indian tribe.

“REPORTING COMPANY”—EXCLUDED ENTITIES

- Securities reporting issuer
- Governmental authority
- Bank
- Credit union
- Depository institution holding company
- Money services business
- Securities broker or dealer in
- Securities exchange or clearing agency
- Other Exchange Act registered entity
- Investment company or investment adviser
- Venture capital fund adviser
- Insurance company
- State-licensed insurance producer
- Commodity Exchange Act registered entity
- Accounting firm
- Public utility
- Financial market utility
- Pooled investment vehicle
- Tax-exempt entity
- Entity assisting a tax-exempt entity
- Large operating company (20 or more full time employees and \$5 million or more of revenue)
- Subsidiary of certain exempt entities
- Inactive entity

“REPORTING COMPANY”—EXCLUDED ENTITIES

- The “inactive entity” exception for CTA reporting purposes applies if:

1. The entity was in existence on or before January 1, 2020.
2. The entity is not engaged in active business.
3. The entity is not owned by a “foreign person” (as so defined for U.S. tax purposes), i.e., any foreign individual or entity, either directly or indirectly, wholly or partially.
4. The entity has not experienced any change in ownership in the preceding twelve-month period.
5. The entity has not sent or received any funds in an amount greater than \$1,000, either directly or through any financial account in which the entity or any affiliate of the entity had an interest, in the preceding twelve-month period.
6. The entity does not otherwise hold any kind or type of assets, whether in the United States or abroad, including any ownership interest in any corporation, limited liability company, or other similar entity.
7. Note that an entity that which was dissolved under state law for failure to meet state law filing, tax or other requirements, but still holds assets, apparently would not qualify.

REPORTING COMPANY— REQUIRED INFORMATION

- Legal name and any trade names such as DBAs.
- Street address for company's principal place of business (not a P.O. Box or a lawyer's or other adviser's address).
- State of formation.
- Tax Identification Number (TIN). A passthrough entity, like single member LLC that doesn't have a tax identification number, may have to obtain and provide a unique identifying number, or report just using the owner's tax identification number.
- An identifying document from an issuing jurisdiction (e.g., a certificate of incorporation) and the image of that document.

“BENEFICIAL OWNER”—DEFINITION

- An individual who either:

(1) owns, directly or indirectly, at least 25% of the ownership interests of a reporting company; or

(2) any person who has “substantial control” over a reporting company.

- “Ownership” for this purpose may include profits interests, convertible debt instruments, warrants, options, puts, calls, etc.
- Ownership interests can be owned or controlled through joint ownership, a trust, or other indirect holding structures.
- Determining “ownership” interest could require reviewing all potentially relevant governing documents and agreements.
- There is no maximum number of beneficial owners who must be reported.

“BENEFICIAL OWNER”—SUBSTANTIAL CONTROL

- A “senior officer” (President, CFO, CEO, COO, or General Counsel) or manager of any entity that is a reporting company.
- All officers are beneficial owners by default, even those who own no equity—but what if their actual authority over the company is quite limited?
- An individual with authority over the appointment or removal of any senior officer or the majority of a corporation’s board of directors.
- An individual who directs, determines or has substantial influence over important decisions (see the seven examples provided) made by the Reporting Company.

“BENEFICIAL OWNER”— REPORTING EXEMPTIONS

- Minor children, provided the required information of a parent or legal guardian of the minor child is reported by the Reporting Company.
- A nominee, intermediary, custodian or agent on behalf of another individual;
- An employee of a Reporting Company, acting solely as an employee, provided they are not a senior officer;
- An individual whose only interest is a future interest through right of inheritance.
- A creditor.

BENEFICIAL OWNER— "INHERITOR" EXCEPTION

- An individual qualifies for this limited exception if his/her only interest in the reporting company is a future interest through a right of inheritance, such as through a will.
- Once the individual inherits the interest, this exception no longer applies, and the individual can qualify as a beneficial owner.
- Many uncertainties here as to when an individual's status may legally change to a beneficial owner in the context of death, a trust beneficiary, divorce or other marital situation or agreement.

BENEFICIAL OWNER—REQUIRED INFORMATION

- Full legal name, date of birth, and a home (street) address (not a P.O. box or lawyer or other adviser's address).
- A unique identification number and the issuing jurisdiction as shown on a copy of one of the following (non-expired) documents:
 - (1) U.S. passport;
 - (2) Identification document issued by a U.S. State, local government or Indian tribe for the purpose of identifying the individual
 - (3) Driver's License issued by a U.S State;
 - (4) A foreign passport, if the individual does not possess any of the other documents described above.
- In the alternative, after the individual or reporting company provides certain information to FinCEN, a beneficial owner may obtain and disclose **a special FinCEN identification number** instead of disclosing all the information otherwise required.
- Individuals may electronically apply for FinCEN identifiers by separately providing the same information required for Beneficial Owners.

“COMPANY APPLICANT”—DEFINITION

- The “Company Applicant” is the individual who directly files the organizational or registration document of the Reporting Company and the individual who is primarily responsible for directing or controlling the filing of the Reporting Company, if more than one individual is involved.
- For entities formed after January 1, 2024, the initial reports must identify the Company Applicants—the individual who actually forms the entity and that individual’s supervisor.
- Companies or legal entities cannot be company applicants.
- There are two categories of Company Applicants:
 - (1) the “direct filer,” who is the individual who physically or electronically filed the document.
 - (2) the individual who was primarily responsible for directing or controlling the filing of the creation or first registration document.

“COMPANY APPLICANT”—EXAMPLES

- **“Do it yourself”**: an individual prepares formation documents for the individual’s own reporting company, and a family member directly files the documents in Florida. This reporting company would report two Company Applicants—the individual who prepared the documents and the individual who filed them.
- **Law Firm**: if an attorney is primarily responsible for overseeing the preparation and filing of incorporation documents, and a paralegal directly files them in Florida to create the reporting company, the reporting company would report two Company Applicants—the attorney and the paralegal.

“REPORTING COMPANY”—DUE DATES

At present, per the recent FinCEN proposal, the Initial BOIR due dates would be as follows:

- for a Reporting Company formed/registered prior to January 1, 2024, January 1, 2025;
- for a Reporting Company formed/registered on or after January 1, 2024, within 90 calendar days of receiving actual or public notice of the effective creation or registration of the Reporting Company.
- for a Reporting Company formed/registered on or after January 1, 2025, within 30 calendar days of receiving actual or public notice of the effective creation or registration of the Reporting Company.

REPORTING COMPANY— CHANGES IN INFORMATION

- Reporting Companies must report changes to any filing within 30 days of any change in the required information.
- A “change” for this purpose will be deemed to occur when the name, date of birth, address, or unique identifying number on such document changes.
- How will we know that a “change” has occurred without being timely informed by a client? 30 days isn’t much of a cushion.

WHAT ABOUT TRUSTS?

- Trusts are not “reporting companies” except for those that are formed under a specific state statute that requires a related filing because a trust can be formed without any state law filing.
- However, a trust which owns or controls an entity that is covered by the CTA may be treated as a Beneficial Owner.
- The following individuals may be deemed to hold ownership interests in a reporting company through a trust or similar arrangements:
 - (1) A trustee or other individual with the authority to dispose of trust assets and/or by exercising control rights associated with shares held in trust;
 - (2) A beneficiary who is the sole permissible recipient of trust income and principal or who has the right to demand a distribution of or withdraw substantially all of the trust assets; and
 - (3) A grantor or settlor who has the right to revoke or otherwise withdraw trust assets.

WHAT ABOUT TRUSTS?—CONTINUED

- For corporate trustees—which individual must report?
- Are these trust-related positions “substantial control?”:
 - (1) a Trust Protector,
 - (2) an Advisory Committee member,
 - (3) A Distribution Committee member,
 - (4) an Investment Advisor,
 - (5) the holder of a Crummey Power,
 - (6) the holder of a Power of Substitution (“Swap Power”), or
 - (7) the holder of a Special or General Power of Appointment?

PENALTIES

- **Severe civil and criminal penalties apply for a willful failure to file or an attempt to provide false or fraudulent beneficial ownership information.**
- Civil penalties can be up to \$500 per day for each day that the violation continues.
- Imprisonment of up to two years and/or a fine of up to \$10,000.
- “Safe harbor” to avoid the penalties applies if a person has reason to believe that a report contains inaccurate information and voluntarily submits a report correcting the information within 30 days of learning of the inaccuracy and within 90 days of the filing of the inaccurate report. What happens if an inaccuracy is identified after this date?
- What if the Reporting Company or the Beneficial Owner is uncooperative?
- **As always, consider possible CTA overreporting to be conservative.**

NEW FINCEN RULE ISSUED NOV. 7, 2023

- FinCEN has issued a final rule to specify when and how entities required to report beneficial ownership information to FinCEN may use a FinCEN identifier to report the beneficial ownership information of certain related entities.

§ 1010.380 Reports of beneficial ownership information.

(b)(4)(B)(ii) A reporting company may report another entity's FinCEN identifier and full legal name in lieu of the information required under paragraph (b)(1)(ii) of this section with respect to the beneficial owners of the reporting company only if:

(1) The other entity has obtained a FinCEN identifier and provided that FinCEN identifier to the reporting company;

(2) An individual is or may be a beneficial owner of the reporting company by virtue of an interest in the reporting company that the individual holds through an ownership interest in the other entity; and

(3) The beneficial owners of the other entity and of the reporting company are the same individuals.

NEW FINCEN RULE ISSUED NOV. 7, 2023

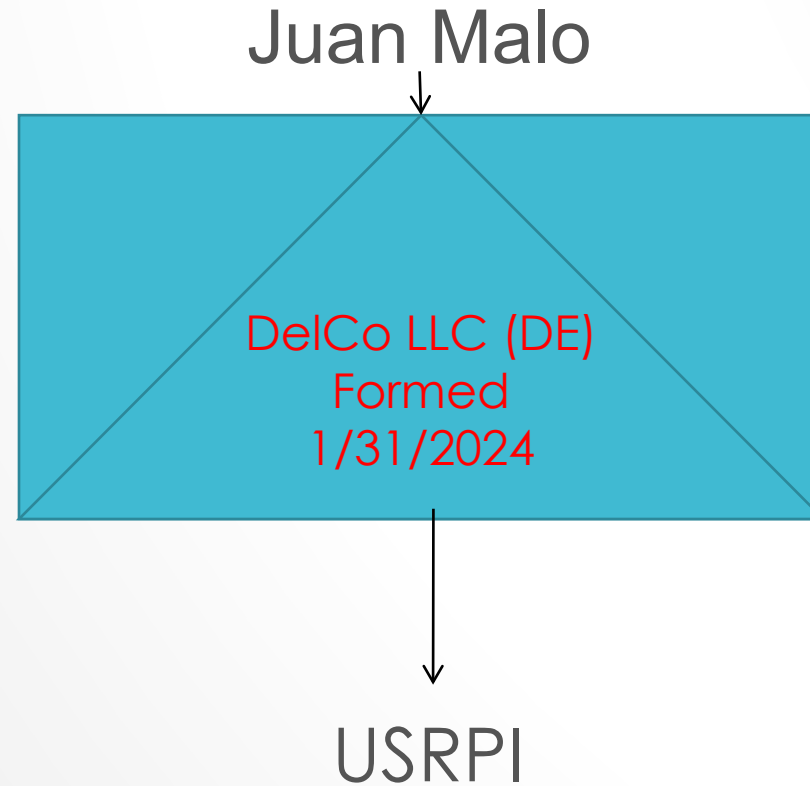
“The final rule incorporates changes to clarify the circumstances in which an entity FinCEN identifier could be used.

These changes, which were specifically suggested by commenters, are: (1) to consistently refer to the entity whose FinCEN identifier the reporting company may use as “another entity” or “the other entity” rather than simply “the entity,” in order to avoid confusion with the reporting company itself; and (2) to make clear that it is an individual’s ownership interest in another entity that allows the reporting company to report the other entity’s FinCEN identifier in lieu of the individual’s information.”

EXAMPLE 1—SINGLE MEMBER DELAWARE LLC

Manager: Juanita Malo

Your paralegal formed the company through a direct filing with the Delaware state authorities under your direction and control.



EXAMPLE 1—SINGLE MEMBER DELAWARE LLC

- As a Delaware limited liability company, DelCo LLC is a domestic reporting company.
- As a domestic reporting company created on or after January 1, 2024, the deadline to file DelCo LLC's BOI report for USLLC is 30 calendar days from the earlier of: (a) the date on which actual notice of creation is received or (b) the date on which a secretary of state or similar office first provides public notice.
- DelCo LLC's due date would be April 30, 2024 if notice of USLLC's creation and public notice of creation are the same (FinCEN has proposed extending the 30-day deadline to 90 days for entities created or registered on or after January 1, 2024 and before January 1, 2025).

EXAMPLE 1 - SINGLE MEMBER DELAWARE LLC

BOI Report – Individual Beneficial owner(s):

1. Juanita Malo is considered a beneficial owner by substantial control:
 - a. As a manager, she makes important decisions on behalf of DelCo LLC.
 - b. See 31 CFR 1010.380(d)(1)(C)
2. Juan Malo is a beneficial owner by owning or controlling at least 25 percent of the ownership interests of DelCo LLC, a reporting company.
 - a. Juan Malo is the sole member of the LLC.
 - b. See 31 CFR 1010.380(d)(2).

EXAMPLE 1 - SINGLE MEMBER DELAWARE LLC— REQUIRED INFORMATION FOR BOI FILING

1. For DelCo LLC as the “reporting company”—full legal name, any trade or d/b/a name, its business address, Delaware as formation jurisdiction, federal EIN.
2. For Juan Malo and Juanita Malo as the “Beneficial Owners”—full legal names, dates of birth, residential street addresses, and a copy of one of the required forms of personal identification.
3. For you and your paralegal as the “Company Applicants”—full legal names, dates of birth, residential street addresses, and a copy of one of the required forms of personal identification.

EXAMPLE 1 - SINGLE MEMBER DELAWARE LLC

If the foreign reporting company is foreign, and it has not been issued a TIN, a tax identification number issued by a foreign jurisdiction and the name of such jurisdiction:

- a. Query: Does the LLC have to obtain an EIN?
- b. Query: What if the responsible party is an NRA with no SSN or ITIN? Form SS-4 (Application for Employer Identification Number), line 7a.

7a Name of responsible party	7b SSN, ITIN, or EIN

EXAMPLE 2—NRA SPOUSES OWN FOREIGN CORPORATION (FC)

Maria Mentiroso and Juan Mentiroso, NRA Spouses own jointly with right of survivorship

Directors: Maria Mentiroso and Juan Mentiroso
President: Juan Mentiroso
Secretary: Maria Mentiroso

USRPI is a Florida condominium used by NRA spouses when they visit the United States

Desastre Holdings, Ltd.
(British Virgin Islands)
Formed in 2019

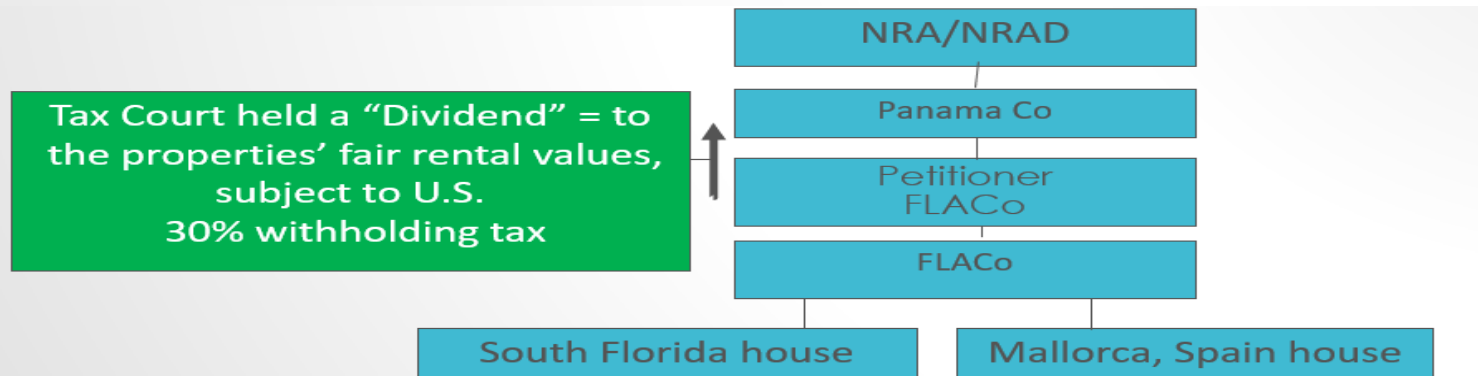
USRPI

EXAMPLE 2—NRA SPOUSES OWN FC DESASTRE HOLDINGS LTD AS A FOREIGN REPORTING COMPANY

1. Desastre Holdings Ltd is a foreign reporting company if registered to transact business in Florida.
 - a. Fl. Stat. 607.1501 provides that a foreign corporation may not transact business in Florida until it obtains a certificate of authority.
 - b. Fl. Stat. 607.1501(2)(m) owning, protecting, and maintaining, without more, real or personal property DOES NOT constitute transacting business.
2. Do I have to pay rent for the use of a residential property owned by my offshore/U.S. holding structure—and if so, how much?

EXAMPLE 2—NRA SPOUSES OWN FC PAYMENT OF RENT

3. Reasons to consider paying rent for the use of property that is owned through a closely held corporation.
 - a. Imputed Rent
 - b. U.S. estate tax and observing corporate formalities.
4. G.D. Parker Inc. v. Commissioner (T.C. 2012)



Note— the rental value/dividend amount was determined based upon the testimony of the IRS’ expert (a licensed appraiser) and not the taxpayer’s expert (a real estate broker/sales associate)—use a qualified expert in a tax litigation matter!

5. Accipitor Trading, Ltd. v. Commissioner, Docket No. 018842-19 (U.S.T.C. Oct. 18, 2019)—see also opinions dated Sep. 6, 2022 and Oct. 25, 2023 regarding discovery issues

EXAMPLE 2—NRA SPOUSES OWN FC BOI FILING DEADLINE

1. As a British Virgin Islands company registered to transact business in Florida, Desastre Holdings Ltd is a foreign reporting company.
2. As a foreign reporting company created prior to January 1, 2024, the deadline to file the BOI report is no later than January 1, 2025.

EXAMPLE 2— NRA SPOUSES OWN FC BOI REPORT – INDIVIDUAL BENEFICIAL OWNER(S)

1. Juan Mentiroso and Maria Mentirosa are each a beneficial owner by substantial control:
 - a. Juan as senior officer (e.g., President).
 - b. Each having appointment or removal authority as Directors to appoint or remove any senior officer (e.g., President).
 - c. Each as important decision makers (Directors).
2. Juan Mentiroso and Maria Mentirosa are each a beneficial owner by owning or controlling at least 25 percent of the ownership interests of Desastre Holdings Ltd, a foreign reporting company.
 - a. Each attributed ownership of Desastre Holdings Ltd.
 - b. See 31 CFR 1010.380(d)(2)(ii)(A).

EXAMPLE 2—NRA SPOUSES OWN FC REQUIRED INFORMATION FOR BOI REPORT

1. For Desastre Holdings Lt as the “foreign reporting company” - Full legal name and any trade name or d/b/a name, business address, British Virgin Islands as formation jurisdiction, Florida as the State where registered, federal EIN.
2. For Juan Mentiroso and Maria Mentiroso as the “Beneficial Owners” – full legal names, dates of birth, residential street addresses, and a copy of one of the required forms of personal identification.
3. Company Applicant(s) information - not required to be included in the BOI report. See 31 CFR 1010.380(b)(2)(iv).

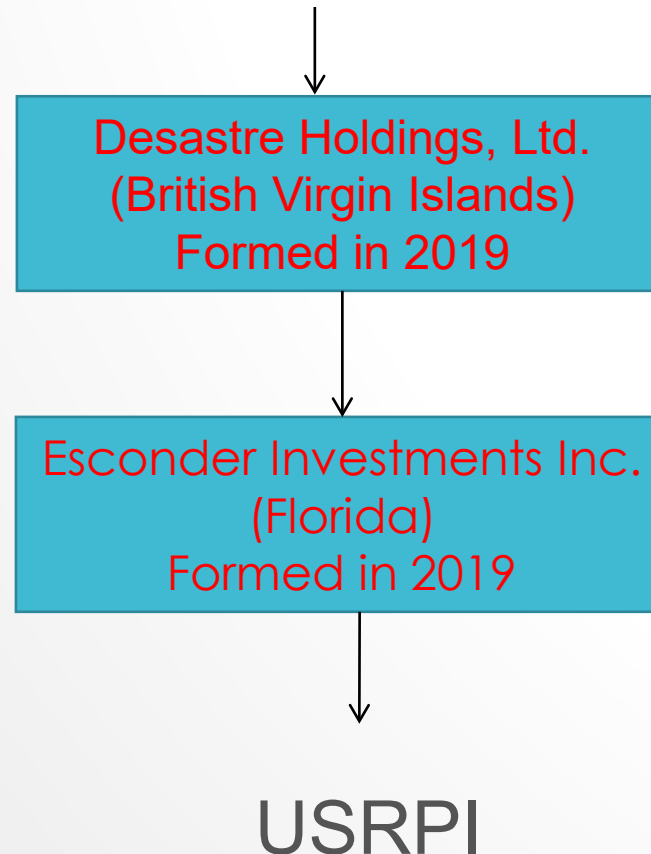
EXAMPLE 3—NRA SPOUSES OWN FC AND DC

Maria Mentiroso and Juan Mentiroso, NRA Spouses own jointly with right of survivorship

Desastre Holdings, Ltd.
Directors: Maria Mentiroso and Juan Mentiroso
President: Juan Mentiroso
Secretary: Maria Mentiroso

Esconder Investments Inc.
Director/President: Paula Pobrecita
Secretary: Miguel Rico

USRPI is a Florida condominium used by NRA spouses when they visit the United States



EXAMPLE 3—NRA SPOUSES OWN FC AND DC ESCONDER INVESTMENTS AS A DOMESTIC REPORTING COMPANY

1. As a Florida corporation, Esconder Investments Inc. is a domestic reporting company.
2. As a domestic reporting company created before January 1, 2024, the deadline to file the BOI report is no later than January 1, 2025.

EXAMPLE 3—NRA SPOUSES OWN FC AND DC BOI REPORT – INDIVIDUAL BENEFICIAL OWNER(S)

1. Paula Pobrecita is a beneficial owner by substantial control:
 - a. As senior officer (e.g., President).
 - b. As having appointment or removal authority as Director to appoint or remove any senior officer (e.g., President).
 - c. As an important decision makers (Director).
2. Juan Mentiroso and Maria Mentirosa are each a beneficial owner by substantial control:
 - a. As Directors, each an important decision maker who control an intermediary entity that exercises substantial control over Esconder Investments Inc.
 - b. See 31 CFR 1010.380(d)(1)(ii)(D).
3. Beneficial ownership by owning or controlling at least 25 percent of the ownership interests of the reporting company.
 - a. Juan Mentiroso and Maria Mentirosa each considered beneficial owners.
 - b. See 31 CFR 1010.380(d)(2)(ii)(A) where joint assets can be attributed to all joint owners. NRA Spouses each considered beneficial owners.
 - c. Direct or indirect ownership applies. See 31 CFR 1010.3B0(d).

EXAMPLE 3 - NRA SPOUSES OWN FC AND DC REQUIRED INFORMATION FOR BOI REPORT

1. For Esconder Investments Inc. as the “domestic reporting company” - Full legal name and any trade name or d/b/a name, business address, Florida as formation jurisdiction, federal EIN.
2. For Paula Pobrecita, Juan Mentiroso and Maria Mentirosa as the “Beneficial Owners” – full legal names, dates of birth, residential street addresses, and a copy of one of the required forms of personal identification.
3. Company Applicant(s) information - not required to be included in the BOI report. See 31 CFR 1010.380(b)(2)(iv).

EXAMPLE 3—NRA SPOUSES OWN FC AND DC GENERAL COMMENTS REGARDING U.S. TAX AND REPORTING DISCLOSURE

1. Form 1120 disclosure of ownership.
 - a. Form 1120, Schedule K, Question 4.

4 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)

b Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)

- b. Form 1120, Schedule G

Part II **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock

- c. Form 1120, Schedule K, Question 7.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of the total voting power of all classes of the corporation's stock entitled to vote or at least 25% of the total value of all classes of the corporation's stock?

For rules of attribution, see section 318. If "Yes," enter:

(a) Percentage owned _____ and **(b)** Owner's country _____

(c) The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached _____

EXAMPLE 3—NRA SPOUSES OWN FC AND DC GENERAL COMMENTS REGARDING U.S. TAX AND REPORTING DISCLOSURE (CONT.)

2. Form 5472.

Part III			
Related Party (see instructions). All reporting corporations must complete this question and the rest of Part III.			
Check applicable box: Is the related party a <input type="checkbox"/> foreign person or <input type="checkbox"/> U.S. person?			
8a Name and address of related party			
8b(1) U.S. identifying number, if any	8b(2) Reference ID number (see instructions)	8b(3) FTIN, if any (see instructions)	
8c Principal business activity		8d Principal business activity code	
8e Relationship—Check boxes that apply: <input type="checkbox"/> Related to reporting corporation <input type="checkbox"/> Related to 25% foreign shareholder <input type="checkbox"/> 25% foreign shareholder			
8f Principal country(ies) where business is conducted		8g Country(ies) under whose laws the related party files an income tax return as a resident	

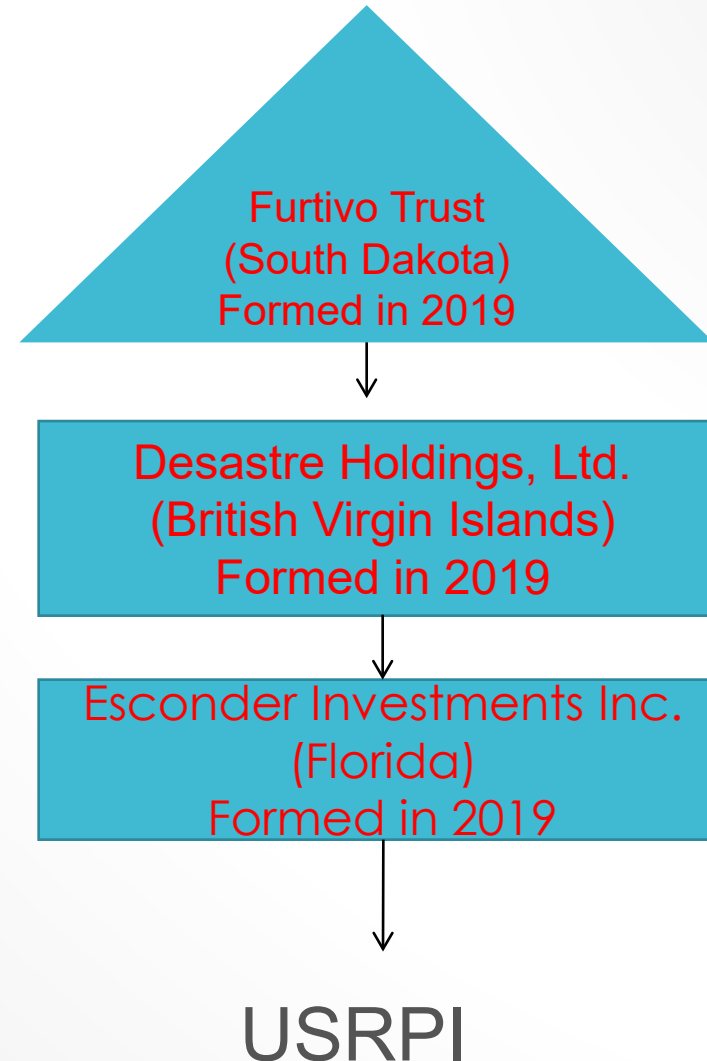
EXAMPLE 4—FOREIGN GRANTOR TRUST OWNS FC AND DC

Settlor of revocable trust: Juan Mentiroso
Corporate Trustee: ABC Trustee
Beneficiaries: Juan Mentiroso. Upon Juan's passing: Maria Mentiroso and 3 children
Protector: Francisco Furtivo
Investment Advisor: Miguel Rico

Desastre Holdings, Ltd.
Juan Mentiroso (Director/President) and
Maria Mentiroso (Director/Secretary)

Esconder Investments Inc.
Director/President: Paula Pobrecita
Secretary: Miguel Rico

USRPI is a Florida condominium used by NRA spouses when they visit the United States



EXAMPLE 4—FOREIGN GRANTOR TRUST OWNS FC AND DC ESCONDER INVESTMENTS INC. AS A DOMESTIC REPORTING COMPANY

1. As a Florida corporation, Esconder Investments Inc. is a domestic reporting company.
2. As a domestic reporting company created before January 1, 2024, the deadline to file the BOI report is no later than January 1, 2025.

EXAMPLE 4—FOREIGN GRANTOR TRUST OWNS FC AND DC BOI REPORT – INDIVIDUAL BENEFICIAL OWNER(S)

1. Paula Pobrecita is a beneficial owner by substantial control:
 - a. As senior officer (e.g., President).
 - b. As having appointment or removal authority as Director to appoint or remove any senior officer (e.g., President).
 - c. As an important decision makers (Director).

2. Juan Mentiroso and Maria Mentirosa are each a beneficial owner by substantial control:
 - a. As Directors, each an important decision maker who control an intermediary entity that exercises substantial control over Esconder Investments Inc.
 - b. See 31 CFR 1010.380(d)(1)(ii)(D).

EXAMPLE 4—FOREIGN GRANTOR TRUST OWNS FC AND DC BOI REPORT – INDIVIDUAL BENEFICIAL OWNER(S) – (CONT.)

1. The trustee of the Furtivo Trust or other individual (if any) with the authority to dispose of trust assets is a beneficial owner by owning or controlling at least 25 percent of the ownership interests of Esconder Investments Inc.
 - a. Query: ABC Trustee is a corporate trustee. Who is identified as the beneficial owner?
 - b. As investment advisor, is Miguel Rico someone who can dispose of trust assets?
 - c. As a trust protector, is Francisco Furtivo a beneficial owner if he has powers to remove/replace the trustee and/or investment advisor?

2. Juan Mentiroso is a beneficial owner by owning or controlling at least 25 percent of the ownership interest of Esconder Investments Inc.:
 - a. Presumably as a beneficiary of Furtivo Trust who is the sole permissible recipient of income and principal from the Trust while he is alive.
 - b. Query: What if Juan Mentiroso has a power of appointment to appoint assets of the trust to one or more of his Issue during his lifetime?

EXAMPLE 4—FOREIGN GRANTOR TRUST OWNS FC AND DC BOI REPORT – INDIVIDUAL BENEFICIAL OWNER(S) – (CONT.)

3. Juan Mentiroso is a beneficial owner by owning or controlling at least 25 percent of the ownership interest of Esconder Investments Inc.:
 - a. As grantor/settlor of the Furtivo Trust who retains the right to revoke or otherwise withdraw the assets of the trust.
 - b. Query: Retaining foreign grantor trust during Juan Mentiroso's incapacity - What if Juan Mentiroso is incapacitated? What if a guardian or other named person can exercise the revocation power of Juan Mentiroso during his incapacity?
 - c. Query: What if Juan Mentiroso's revocation right is only exercisable with the consent of a related or subordinate party who is subservient to Juan Mentiroso?

EXAMPLE 4—FOREIGN GRANTOR TRUST OWNS FC AND DC REQUIRED INFORMATION FOR BOI REPORT

1. For Esconder Investments Inc. as the “domestic reporting company” - Full legal name and any trade name or d/b/a name, business address, Florida as formation jurisdiction, federal EIN.
2. For Paula Pobrecita, Juan Mentiroso, Maria Mentiroso, Francisco Furtivo, Miguel Rico as the “Beneficial Owners” – full legal names, dates of birth, residential street addresses, and a copy of one of the required forms of personal identification.

NOTE: Unclear which individual(s) from the trustee is disclosed.

3. Company Applicant(s) information - not required to be included in the BOI report. See 31 CFR 1010.380(b)(2)(iv).

EXAMPLE 5—NRA ESTABLISHES “GIFT” TRUST

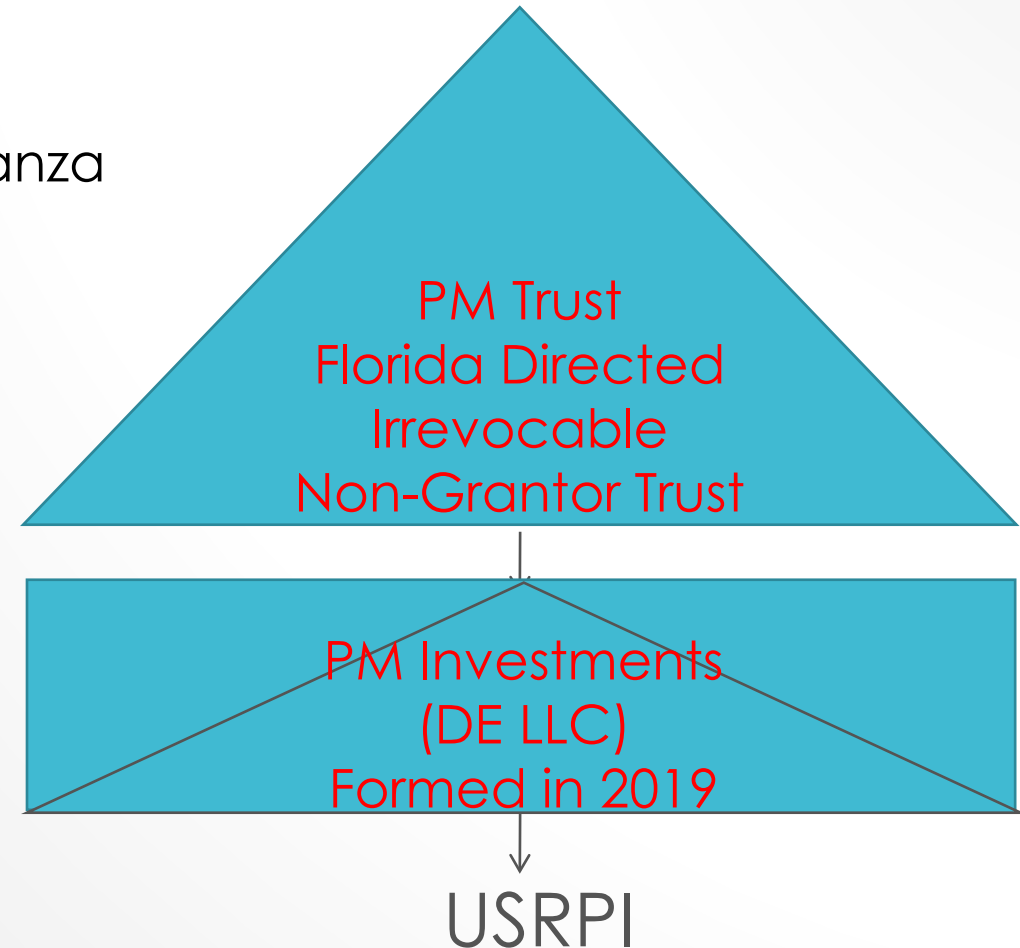
Settlor (NRA who retains no tainted rights, powers, benefits, interest in or control over the trust): Martin Monera

Trustees: Pobre Monera and Carolina Confianza

Beneficiaries: Pobre Monera with SPOA and then his Issue upon his passing.

Protector: Pobre Monera

Manager of PM Investments:
Pobre Monera



EXAMPLE 5—NRA ESTABLISHES “GIFT” TRUST

1. As a Delaware limited liability company, PM Investments is a domestic reporting company.
2. As a domestic reporting company created before January 1, 2024, the deadline to file the BOI report is no later than January 1, 2025.

EXAMPLE 5—NRA ESTABLISHES “GIFT” TRUST BOI REPORT – INDIVIDUAL BENEFICIAL OWNER(S)

1. Pobre Monera is considered a beneficial owner by substantial control:
 - a. As a manager, he makes important decisions on behalf of PM Investments.
 - b. See 31 CRF 1010.380(d)(1)(C).

EXAMPLE 5—NRA ESTABLISHES “GIFT” TRUST

BOI REPORT – INDIVIDUAL BENEFICIAL OWNER(S) - (CONT.)

1. Pobre Monera and Carolina Confianza are each a beneficial owner by owning or controlling at least 25 percent of the ownership interests of PM Investments LLC:
 - a. As a trustee who can dispose of PM Trust assets (Pobre who can distribute subject to ascertainable standard of health, education, maintenance and support and Carolina, an independent trustee, for “Best Interests” of Pobre)
 - b. As to Pobre, as holder of special power of appointment.
 - c. See 31 CFR 1010.380(d)(2)(ii)(C)(1).

2. Pobre Monera is a beneficial owner by owning or controlling at least 25 percent of the ownership interests of PM Investments LLC:
 - a. As a beneficiary of the PM Trust who has a special power of appointment over the PM Trust
 - b. Presumably as a beneficiary of the PM Trust who is the sole permissible recipient of income and principal from the Trust during his lifetime.

3. Martin Monera is not a beneficial owner of PM Investments LLC because he has no right to revoke the PM Trust or otherwise withdraw the assets of the PM Trust

Query: Is a trust protector a beneficial owner if the trust protector powers include the power to remove/replace the trustee and/or investment advisor?

EXAMPLE 5—NRA ESTABLISHES “GIFT” TRUST REQUIRED INFORMATION FOR BOI REPORT

1. For PM Investments LLC as the “domestic reporting company” - Full legal name and any trade name or d/b/a name, business address, Delaware as formation jurisdiction, federal EIN.
2. For Pobre Monera and Carolina Confianza as the “Beneficial Owners” – full legal names, dates of birth, residential street addresses, and a copy of one of the required forms of personal identification.
3. Company Applicant(s) information - not required to be included in the BOI report. See 31 CFR 1010.380(b)(2)(iv).

DO YOU WANT TO BE RESPONSIBLE FOR PERFORMING CTA COMPLIANCE WORK?

- The CTA affects all practitioners who advise clients on the creation of entities, as well as the operation and governance of entities, including attorneys, CPAs, financial advisers, and business consultants.
- All such professional advisers should be concerned that their role may expose them to any responsibility for CTA compliance for a particular client.
- Should I instruct/allow clients to handle CTA filings on their own?
- Will the client automatically presume that it's your responsibility?
- Do you have the time and infrastructure to handle the work in a timely manner?
- How much should I charge?
- Appropriate due diligence will be required to verify a client's information.
- Consider only performing CTA-related services as part of an engagement for general corporate maintenance for new and long-time clients.