Annual Reports
Corporate Transparency Act
RULONA Regulation Update

Pennsylvania On-Line Messenger Association Meeting
October 7, 2024

pennsylvania
DEPARTMENT OF STATE

Annual Reports for business entities in Pennsylvania

pennsylvania
DEPARTMENT OF STATE

Annual Reports

Introduction

Background, fees, key definitions

Who Files

Does my company need to file?

Key Dates

Deadlines

Filing Process

How to file an Annual Report

pennsylvania
DEPARTMENT OF STATE

Act 122 of 2022 – Annual Reports

Streamline the formation process for new businesses by guaranteeing reliable name availability

Facilitate efficient verification processes for banks, government agencies, and other stakeholders

Maintain data integrity through the timely removal of inactive business records

Align Pennsylvania's business registration standards with other states who already do this

Annual Report Fees

What is the cost to file?

$7 – filed by a for-profit corporation, limited liability company, limited partnership, limited liability limited/general partnership, business trust or other association with a for-profit purpose

$0 – filed by a non-profit corporation or other association with a not-for-profit purpose

pennsylvania
DEPARTMENT OF STATE

Who MUST File an Annual Report

Domestic and foreign:

- business corporations (all subtypes)
- nonprofit corporations (all subtypes)
- limited liability companies (all subtypes)
- limited partnerships (all subtypes, including limited liability limited partnerships)
- general partnerships (limited liability general partnership subtype only)
- professional associations
- business trusts

pennsylvania
DEPARTMENT OF STATE

Who Does NOT File an Annual Report

- Sole proprietors
- General partnerships (that are not limited liability partnerships)
- Fictitious name registrations
- Financial institutions (banks and credit unions)
- Municipal and other authorities

pennsylvania
DEPARTMENT OF STATE

Key Dates for Annual Reports

Association Type	Filing dates
Corporations (business and nonprofit) domestic and foreign	Jan. 1 – June 30
Limited liability companies domestic and foreign	Jan. 1 – Sept. 30
Limited partnerships, limited liability partnerships, business trusts, professional associations domestic and foreign	Jan. 1 – Dec. 31

pennsylvania
DEPARTMENT OF STATE

Information Required on Annual Report

- Business name
- Jurisdiction of formation
- Registered office address (not a P.O. Box)
- Name of at least one governor (director, member, partner, etc.)
- Names and titles of principal officers, if any (president, secretary, treasurer)
- Address of the principal office (not a P.O. Box)
- File number issued by the Pennsylvania Department of State

pennsylvania
DEPARTMENT OF STATE

What is a Governor?

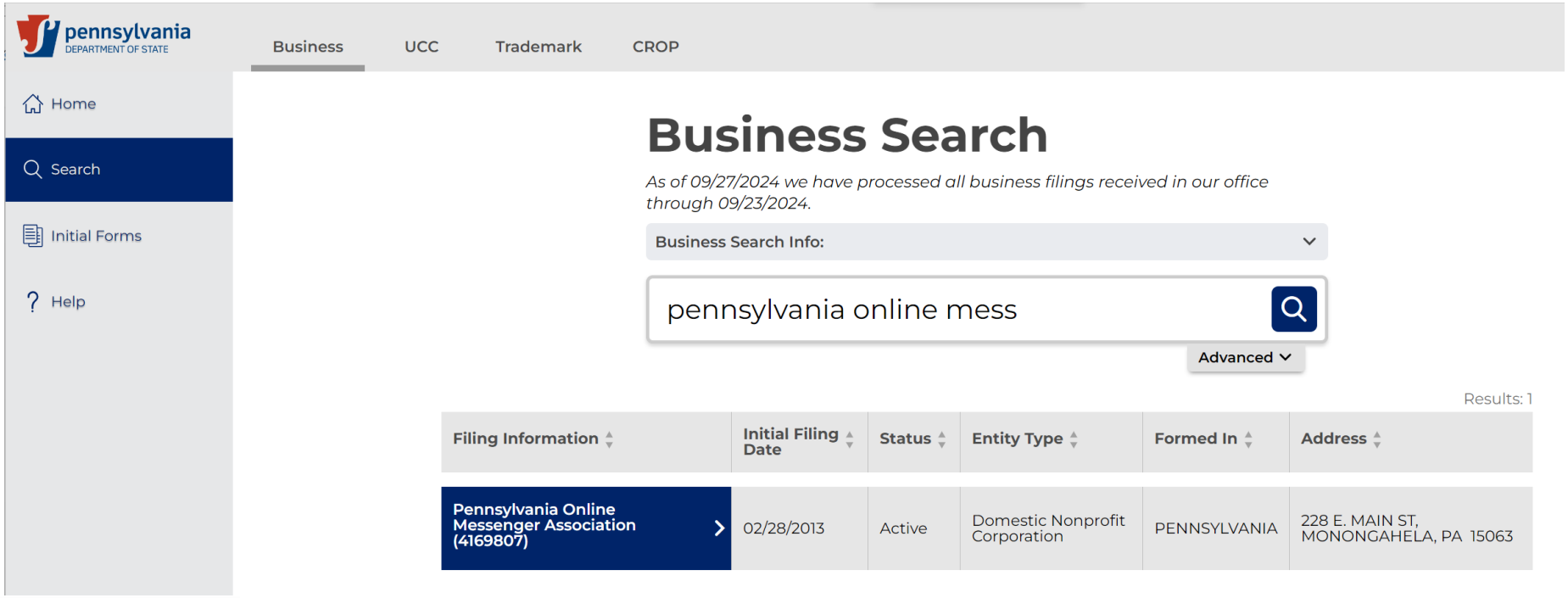
A governor is a person who has **authority to exercise the powers of an association and manage the activities and affairs** thereof pursuant to the organic law and rules of the association. The term includes:

- A director of a corporation for profit or a shareholder of a statutory close corporation under 15 Pa.C.S. 2332(a)
- A director/member of another body of a corporation not-for-profit
- A partner of a general partnership
- A general partner of a limited partnership
- A manager of a manager-managed limited liability company, or a member who has the right to participate materially in the management of a member-managed limited liability company
- A member of the board of governors of a professional association
- A trustee of a business trust, common law business, or statutory trust

pennsylvania
DEPARTMENT OF STATE

How to File an Annual Report

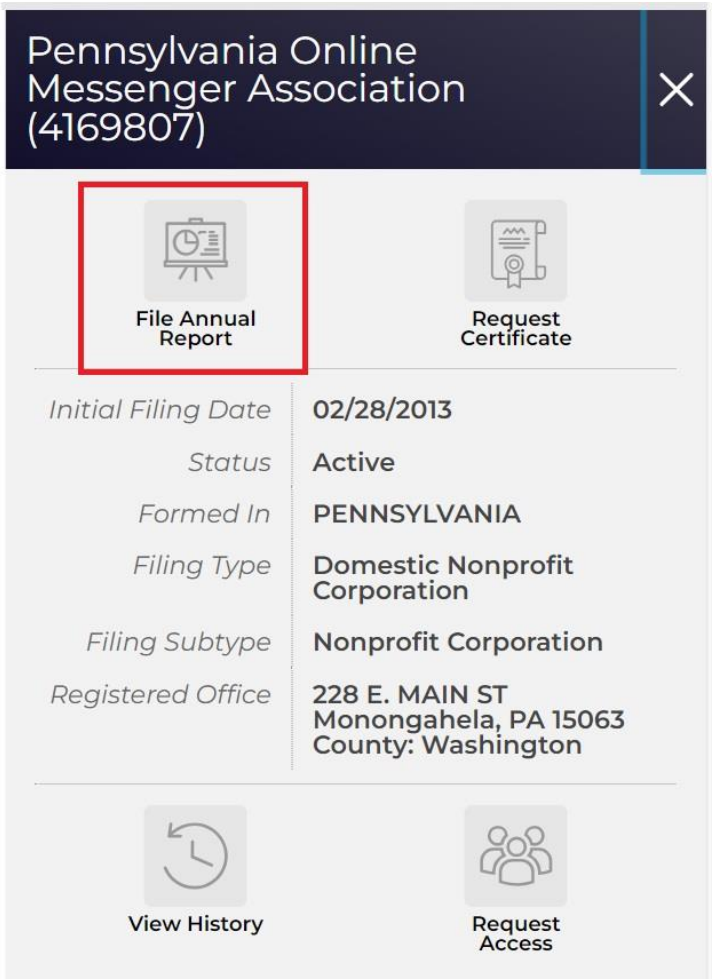
- Log into Business Filing Services portal at **file.dos.pa.gov**
- Search and find the company



pennsylvania
DEPARTMENT OF STATE

How to File an Annual Report

- Click on company name to expand slide out
- Click on “File Annual Report”



pennsylvania
DEPARTMENT OF STATE

How to File an Annual Report

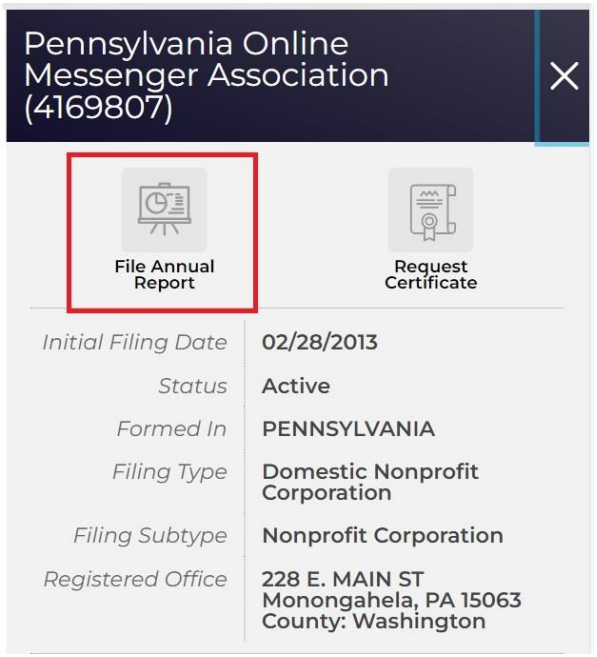
- Confirm or amend the mandatory information
- Review and submit
- Submit payment (if needed)

Note: Unlike other amendments, no PIN is required for Annual Report filings (Request Access button)!

pennsylvania
DEPARTMENT OF STATE

Annual Report Information

Before Annual Report



After Annual Report

pennsylvania
DEPARTMENT OF STATE

Annual Report Update

Associations can amend/update their Annual Report information at any time **during the reporting year** without an additional fee.

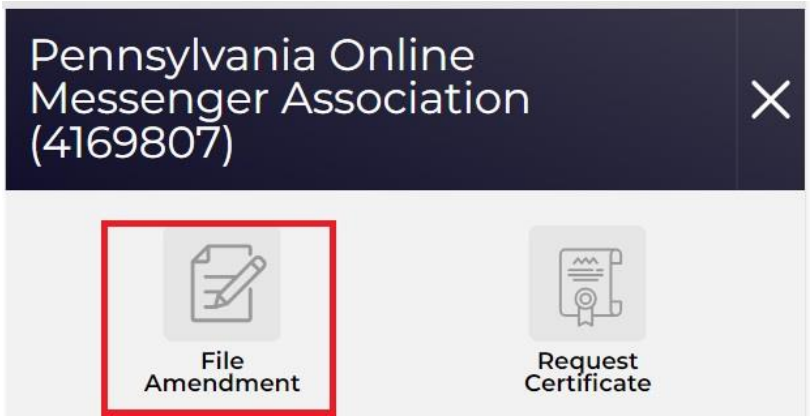
After the Annual Report year has passed (12/31), associations may not amend their report.

Beginning each calendar year, a new Annual Report is due.

pennsylvania
DEPARTMENT OF STATE

How to File an Annual Report Update

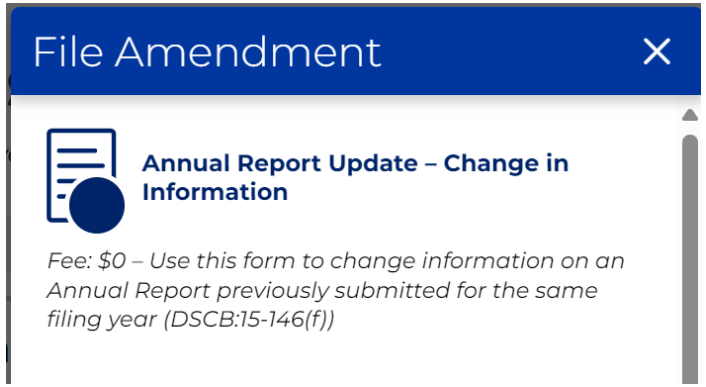
- Log into Business Filing Services portal at **file.dos.pa.gov**
- Search and find the company – Request Access if you don't already have it
- Click on "File Amendment"



pennsylvania
DEPARTMENT OF STATE

How to File an Annual Report Update

- Select “Annual Report Update – Change in Information”



- Update the information
- Review and submit

Note: Filing an amendment/update will require a PIN (via Request Access button)

pennsylvania
DEPARTMENT OF STATE

Consequences of Not Filing

Associations failing to file their Annual Report will face serious administrative actions starting 2027:

- Domestic entities (corporations, LLCs, LPs) - **administrative dissolution**
- Domestic limited liability partnerships (LLGPs) - **administrative cancellation**
- Foreign entities - **administrative termination of registration**

pennsylvania
DEPARTMENT OF STATE

Consequences of Not Filing

- Association ceases to exist legally
- Loss of rights to name
- No subsistence certificate/certificate of registration (good standing)
- For LLPs, loss of liability shield

pennsylvania
DEPARTMENT OF STATE

Annual Report Notifications

Filing / Entity Type	Date of Notice	Annual Report Due Date
Domestic and foreign business corporations Domestic and foreign nonprofit corporations	On or before 4/30	On or before 6/30
Domestic and foreign limited liability companies	On or before 7/31	On or before 9/30
All others	On or before 10/31	On or before 12/31

pennsylvania
DEPARTMENT OF STATE

Check and update your association's address at

file.dos.pa.gov

See **dos.pa.gov/AnnualReports** for more information

pennsylvania
DEPARTMENT OF STATE

Corporate Transparency Act (CTA)

pennsylvania
DEPARTMENT OF STATE

CTA – BOI

Introduction

Background, fees, key definitions

Who Files

Does my company need to file?

Key Dates

Deadlines

Filing Process

How to file a Beneficial Ownership Information (BOI) Report

pennsylvania
DEPARTMENT OF STATE

Corporate Transparency Act (CTA)

- The CTA, effective January 1, 2024, is intended to aid law enforcement in combatting illicit activity conducted through anonymous shell companies
- Under the CTA, certain privately held companies are now required to report beneficial ownership information (BOI), to the Financial Crimes Enforcement Network (FinCEN), a division of the US Treasury Department
- Federal law (31 U.S.C. § 5336) and regulations (31 C.F.R. § 1010.380)

BOI Report Fees

What is the cost to file?

None [$0]*

*Beware scams

pennsylvania
DEPARTMENT OF STATE

Reporting Companies

- Corporations
- Limited Liability Companies
- Limited Partnerships
- Any other similar entity **created** by filing a document with the Pennsylvania Department of State

Does not include sole proprietorships, general partnerships, unincorporated nonprofit associations and many trusts

Fictitious name registrations (d/b/a) are not entities

pennsylvania
DEPARTMENT OF STATE

Exempt entities

23 exemptions even if a Reporting Company

- Certain publicly traded companies, financial institutions and utilities, typically regulated under other laws
- Large operating companies with over 20 full time employees in the US and which have filed tax returns showing over $5 million in revenue
- Inactive (dormant) entities
- Tax-exempt entities, including 501(c) non-profits

Advisable to consult an attorney if you think you may be exempt

Key Dates for BOI Reports

- Companies which existed before January 1, 2024 must file by January 1, 2025.
- If a company was created in 2024, it must file within 90 days of either receiving notice that its creation took effect, or the Department of State's public notice of its creation.
- Any company created in 2025 or later must file within 30 days of its creation or the Department's public notice of its creation.

pennsylvania
DEPARTMENT OF STATE

Company Information

- Full legal name
- Trade names (i.e., DBAs/fictitious names)
- Principal place of business address in the US (not a P.O. Box)
- Jurisdiction of formation (domestic) or first jurisdiction of registration (foreign)
- Tax ID Number

Beneficial Owner Information

For <u>each</u> beneficial owner:

- Full legal name
- Date of birth
- Residential address
- Copy of ID with unique identifying number and issuing jurisdiction (US passport, state driver's license and some others)

What is a Beneficial Owner?

A **beneficial owner** is any individual who, directly or indirectly:

- Exercises substantial control over the reporting company or
- Owns or controls 25% or more of the ownership interests of the reporting company
- Substantial control includes:
  - Serving as a senior officer; having authority to appoint and remove senior officers, including the board of directors; directing or having substantial influence over major company decisions

pennsylvania
DEPARTMENT OF STATE

Updated/Corrected Information

- If any information on the report changes or the reporting company becomes aware of inaccuracies, the reporting company has 30 days to report this information to FinCEN

  Ex. Name or address change, beneficial owner changes

pennsylvania
DEPARTMENT OF STATE

How to File a BOI Report

fincen.gov/boi

boiefiling.fincen.gov/

pennsylvania
DEPARTMENT OF STATE

Criminal Penalties

- Up to $10,000 in fines and/or up to 2 years in prison, against any person who willfully provides or tries to provide a false or fraudulent BOI or fails to provide a BOI to FinCEN
- All “senior officers” and any other individual/entity that cause the failure and the Reporting Company are responsible

Who May Access BOI

- Generally, access to the BOI will be limited to law enforcement and financial institutions with customer due diligence requirements. Access by financial institutions will require consent from the Reporting Company.
- Unauthorized use and disclosure violations are subject to civil and criminal penalties.

pennsylvania
DEPARTMENT OF STATE

Annual Report vs. BOI Report

	Annual Reports	Beneficial Ownership Reports
State or Federal law	State – Act 122 of 2022	Federal – Corporate Transparency Act
Cost	$7 or $0	$0
Who must file	Most domestic and foreign companies registered in PA: business corporations nonprofit corporations limited liability companies limited partnerships limited liability general partnership professional associations business trusts	corporations limited liability companies limited partnerships any other similar entity created by filing a document with the Pennsylvania Department of State
Who does not file	sole proprietors general partnerships fictitious name registrations financial institutions municipal authorities	sole proprietors general partnerships fictitious name registrations also 23 exemptions for reporting companies

pennsylvania
DEPARTMENT OF STATE

Annual Report vs. BOI Report

	Annual Reports	Beneficial Ownership Reports
Deadlines	all corporations by June 30 all LLCs by September 30 everything else by December 31	Existing companies by January 1, 2025 If formed in 2024 or later, within 90 days of formation effective date
Information on the report	Business name Jurisdiction of formation Registered office address Name of at least one governor (director, member, partner, etc.) Names and titles of principal officers, if any (president, secretary, treasurer) Address of the principal office File number issued by the Pennsylvania Department of State	Company information Full legal name Trade names (i.e., DBAs) Principal place of business address in the US Jurisdiction of formation Tax ID Number Beneficial owner information Full legal name Date of birth Residential address Copy of ID with unique identifying number and issuing jurisdiction (e.g. US passport or state driver's license)

pennsylvania
DEPARTMENT OF STATE

Annual Report vs. BOI Report

	Annual Reports	Beneficial Ownership Reports
Where to file	file.dos.pa.gov	boiefiling.fincen.gov
Who may access information	Everyone	Law enforcement Financial institutions (with consent)
Consequences of not filing	Administrative dissolution, cancellation or termination	Criminal penalties
Notifications	Two months before deadline by mail/optional email	None
More information	dos.pa.gov/AnnualReports	fincen.gov/boi

pennsylvania
DEPARTMENT OF STATE

RULONA Regulation Update

Regulations – Winter 2023/2024 as proposed

- Up to $20 per notarial act via IPEN/RON (in addition to regular fee)
- Bond - $15,000 to $25,000

pennsylvania
DEPARTMENT OF STATE

Questions?

pennsylvania
DEPARTMENT OF STATE

This Photo by Unknown Author is licensed under CC BY-SA

Contact Information

Thank you!

Martha H. Brown
Assistant Counsel
Department of State
Phone: 717-783-2804
Email: martbrown@pa.gov

pennsylvania
DEPARTMENT OF STATE