

Small Business Notes

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Look for New Standards for Testing Banks' Community Reinvestment Compliance

Since its enactment in 1977, the Community Reinvestment Act (CRA) has sought to encourage banks to meet the credit needs of the local communities in which they are chartered by requiring the three major bank regulators—the Federal Reserve, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation—to examine individual banks histories of meeting the credit needs of their communities especially the credit needs of low and moderate income neighborhoods. All banks, including smaller community banks, are subject to the CRA's examination requirements.

The three regulators named above have developed a joint rule for implementing new testing for compliance with CRA requirements that will be phased in beginning April 1, 2024 and extending to January 1, 2026 and January 1, 2027.

While much of the new rule is of immediate interest mostly to currently regulated banks in that it sets new asset thresholds for review as a large bank, intermediate bank, small bank, and a new category of retail lender, there are three points to the new rule that will be of interest to small business borrowers.

The new rule provides for a process under which banks may request confirmation from regulators that a proposed activity eligible for consideration as a community development activity. The intent is to broaden banks ability to respond to new initiatives for economic and community development. To aid in this, the regulators will publish a list of activities which qualify for CRA credit under the rule.

The new rule provides for review to include loans and credit facilities provided by banks in non-branch delivery mechanisms. The intent is to broaden the reach of the CRA to include activities by the banks using new and emerging technologies like on-line banking.

The new rule provides for a process to expand the geographical area in which a bank's CRA activities may take place. The intent is to broaden and strengthen the ability of banks to partner with organizations like Community Development Financial Institutions.

In all cases, and for all banks, implementation of these changes by banks must be consistent with safe and sound banking practices.

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Users of Intuit's Turbo Tax Software, Take Note of Federal Trade Commission Action

The Federal Trade Commission (FTC) has filed both an administrative complaint and a federal district court complaint against Intuit the manufacturer of Turbo Tax tax preparation and filing software.

The complaint alleges that despite broad and frequent advertising of Turbo Tax software as being a product which would allow users to file taxes for free, the reality is that a large percentage of tax filers (estimated to be two thirds of all filers) were not eligible for free filing.

Of particular note is that filers who receive a 1099 rather than a W-2 (e.g., independent contractors and gig workers) as well as farm workers are ineligible.

The case's status both administratively and in court is still pending as of January 17, 2024.

Survey of Small Businesses by National Federation of Independent Businesses Reports Little Awareness of Beneficial Ownership Reporting Requirements

A December 2023 survey by the National Federation of Independent Businesses reported that 83 percent of responding small businesses were still unfamiliar with the beneficial ownership information (BOI) reporting requirements of the Corporate Transparency Act. That news should be noted by any business that has been formed on or after January 1, 2024 since the requirement is that those businesses submit the required report to the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) within 90 days of being informed of an effective creation or registration (for example, by receipt of a Certificate of Incorporation from the Secretary of State of the state in which the business is being created or registered).

A business formed before January 1, 2024 has until January 1, 2025 to file its initial beneficial ownership report. FinCEN has an excellent website, [Beneficial Ownership Information \(BOI\)](#), that details the requirements, purposes, and process of collecting and filing as well as a lengthy and comprehensive set of [Frequently Asked Questions](#) and a [Small Entity Compliance Guide](#) directed to small businesses.

It must be remembered that there is no size exception to the reporting requirement.

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Past issues of Small Business Notes are available on the Department of Employment and Economic Development website at [Small Business Notes](#)



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