



Navigating the Corporate Transparency Act: Key Insights on Compliance

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The Corporate Transparency Act (“CTA”) went into effect on January 1, 2024, and created new information reporting requirements for certain legal entities.

Although the Corporate Transparency Act was implemented for the purpose of furthering the federal government’s efforts to deter terrorism financing, money laundering, corruption, tax evasion, and other financial crimes through anonymous shell and front companies, it unfortunately imposes burdensome reporting requirements on nearly every legal entity incorporated, organized, or registered to do business in the U.S.

Moving forward, legal entities not falling under one of the CTA’s exceptions are required to disclose certain information to the Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) regarding the legal entity itself, its beneficial owners, and the company applicants, such as full legal name(s), date(s) of birth, current residential or business street address(es), and unique identifying number(s) from government issued identification (like passports).

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The deadline to comply with the reporting requirements varies depending on when the reporting company was formed. For companies existing prior to January 1, 2024, the deadline to comply is January 1, 2025. Any companies formed after January 1, 2024, and prior to January 1, 2025, will have 90 days within which to comply. Companies formed after January 1, 2025, will have 30 days within which to comply. Failure to comply may result in civil and/or criminal fines and penalties.

If you would like more information on whether the CTA applies to you or your business, we are more than happy to answer any questions you may have and to assist you in complying with these new and ongoing reporting requirements.

COMPANIES WHO MAY BE REQUIRED TO COMPLY WITH THE CTA INCLUDE:

DOMESTIC (U.S.) CORPORATIONS, LIMITED LIABILITY COMPANIES, AND ANY OTHER ENTITIES CREATED BY THE FILING OF A DOCUMENT WITH A SECRETARY OF STATE OR ANY SIMILAR OFFICE IN THE UNITED STATES.

FOREIGN ENTITIES (INCLUDING CORPORATIONS AND LIMITED LIABILITY COMPANIES) FORMED UNDER THE LAW OF A FOREIGN COUNTRY THAT HAVE REGISTERED TO DO BUSINESS IN THE UNITED STATES BY THE FILING OF A DOCUMENT WITH A SECRETARY OF STATE OR ANY SIMILAR OFFICE.

IN ADDITION TO INFORMATION ABOUT THE REPORTING COMPANY ITSELF, EACH REPORTING COMPANY WILL ALSO BE REQUIRED TO REPORT INFORMATION ABOUT THE COMPANY APPLICANT (THOSE MAKING THE FILINGS WITH THE STATE) AND ANY BENEFICIAL OWNERS WITH CERTAIN CONTROL RIGHTS OR OWNERSHIP PERCENTAGE OF THE REPORTING COMPANY.

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