



THE CORPORATE TRANSPARENCY ACT AND YOU

New legislation took effect on January 1, 2024 which will significantly impact a great number of our clients. When Congress passed the National Defense Authorization Act in January of 2021, it contained the Anti-Money Laundering Act of 2020, which in turn contained the Corporate Transparency Act (“CTA”). The CTA directed the Financial Crimes Enforcement Network (“FinCEN”) to establish and maintain a national registry of “beneficial owners” of certain types of companies. A “beneficial owner” is any individual who:

- Owns or controls at least 25% of the ownership interests of a company;
- OR**
- Exercises “substantial control” over a company;

How exactly the term “substantial control” is defined can be very complicated and is beyond the scope of this bulletin, but it will nearly always include most corporate officers, members of the board of directors, and any other person who can influence important decisions of your company. All required reporting must be done online, through www.fincen.gov/boi.

For any companies that are created in 2024, the required report must be filed within **90 days** of the company’s formation. For any companies that were created prior to 2024, the required report must be filed **before January 1, 2025**. Additionally, every time there is a change in the information provided from beneficial owners, a company must file an updated report within **30 days**.

Each beneficial owner will be required to submit his or her full legal name, date of birth, address and an image of his or her driver’s license or passport.

Critically, the CTA imposes severe criminal penalties for failure to comply, including a **\$500 per day fine**, and possible criminal penalties, including **imprisonment for up to two years**.

Many accounting firms are implementing systems to help their clients fulfil their reporting requirements. If you own any interest in a company, whether corporation, limited liability company, or partnership, we encourage you to contact your certified public accountant to ensure that you remain compliant. If you have any questions about these regulations, please contact one of our attorneys.

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