



New Corporate Transparency Act ("CTA") – Effective January 1, 2024

What Is the CTA? A new federal law that requires reporting of persons who own or control corporations, limited liability companies, limited partnerships, foreign companies ("Entities") by the Entity as part of Anti-Money Laundering legislation.

Why do I care? Violation of the CTA carries **penalties of \$500/day**.

When Does it Start?

- **Existing Entity** – Initial filing by December 31, 2024.
- **Entity Formed After January 1, 2024** – Within 90 days of formation.
- **Entity with a Change of Ownership or Control After January 1, 2024** - Within 30 days of change of control (e.g. transfer of interest, death of owner, issuance equity to new owner).

Who Does it Apply To? All Entities are "Reporting Companies" unless they are exempt. Exemptions include:

• Large operating companies with at least 20 employees and \$5 million of gross revenue.	• Tax-Exempt Entities with IRS Letter of Exemption and Charitable Trusts
• Subsidiary companies of Non-Reporting Companies	• Entities subject to separate federal oversight (banks, brokers/dealers, SEC registered, investment / insurance advisors)
• Inactive entities with no assets.	• Publicly Traded Entities

What does a Reporting Company need to Report? Any Reporting Company must report to a new federal database information regarding (1) Beneficial Owners, and (2) Applicants.

- **Beneficial Owners** – Individuals who directly or indirectly (e.g. through trusts or other Entities) (1) own or control 25% of the ownership interest in the Entity, or (2) substantially controls the Entity.

Example – LLC owned by A, B, C Trust and managed by D. Beneficial Owners include A, B, trustee and beneficiaries of C Trust, and D as Manager.

- **Applicants** – Any person who creates a Reporting Company or directs another to create a Reporting Company.

Example – Assistant who forms entity with a state and the person who directed the assistant.

What Information must be Reported to the Federal Database? The Reporting Company must obtain and report to the new federal database the following personal information on all Beneficial Owners and Applicants:

• Full Legal name	• Residential address for individual
• Date of birth	• ID – passport, state ID, driver’s license

What Do I need to Do?

- Identify all entities in which you, a trust, or another entity have ownership.
- Determine which are a Reporting Company.
- File report for each Reporting Company before the deadline.
- FinCEN’s guidance and educational materials are located at <https://www.fincen.gov/boi>.
- **If you are a trustee of a trust that has an ownership interest in an entity, you may be subject to this law.**