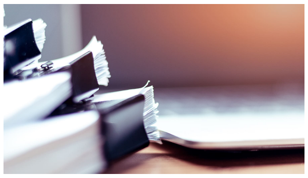

Corporate Transparency Act Reporting Deadline Approaching

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Categories:

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Publications

Authors:

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Attention business owners: Under the federal Corporate Transparency Act (CTA), corporations, limited liability companies, limited partnerships, limited liability partnerships and other entities formed prior to January 1, 2024, must report information on their beneficial owners to the Financial Crimes Enforcement Network, or FinCEN, by **January 1, 2025**.

Do not delay! The filing deadline is less than four months away. Reports must be filed electronically with FinCEN on its BOIR platform. There are civil and criminal penalties for failing to report.

Some entities may be exempt from reporting, but yours may not be unless you are in certain regulated industries or have more than 20 full time employees and $5MM+ in gross receipts. Small business entities, LLCs holding real estate, family limited partnerships, S-corps and professional corporations are just a few examples of entities that must file a report with FinCEN (absent an exemption).

Reporting companies must identify the individuals (beneficial owners) who own 25% or more of the entity, or who have substantial control of the entity based on their managerial role, voting or approval rights or other factors. Companies must report personal identifying information on these individuals and upload copies of documents verifying identity (generally, a driver's license or passport). It may take time to collect the necessary information, especially for businesses with multi-level, complex ownership structures. You will need to analyze your governance documents to determine which individuals, based on their rights to vote on or approve certain company actions, are beneficial owners. The answers are not always obvious.

Do not assume your company is exempt. Please contact us to discuss your potential reporting obligations as soon as possible. We can help you determine if your entity is exempt from reporting or if not, what information must be reported. We look forward to assisting you.

This is a general discussion of the CTA's requirements. For specific advice on your company's reporting obligations, please contact your FBT attorney, or a member of FBT's CTA Working Group.

FBT Gibbons