

The Corporate Transparency Act New Reporting Requirements: What You Need to Know

The Corporate Transparency Act (“CTA”) now requires reporting on beneficial owners to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.

Why New Reporting Requirements?

The CTA is a federal anti-money laundering law addressing use of “shell companies” to facilitate criminal activity.

Who Must Report?

“Reporting Companies” are new and existing entities (and may include entities such as community associations and general partnerships). Exemptions are mainly for large operating companies and for companies required to disclose beneficial ownership information to the government elsewhere.

What to Report?

Effective January 1, 2024, Reporting Companies must disclose who: (1) owns a 25% equity stake or (2) exercises substantial control over the entity.

Reporting Deadlines

<u>Formed or Registered</u>		<u>Reporting Deadline</u>
Before January 1, 2024	→	January 1, 2025
Any time in 2024	→	Within 90 days
On or after January 1, 2025	→	Within 30 days
Corrections to earlier filings	→	Within 30 days

Penalties

Failure to comply can bring civil penalties of up to \$500 a day, as well as criminal penalties of up to \$10,000 in fines and/or imprisonment for up to two years.

How Whiteford Can Help

We are experienced in every facet of CTA compliance, including:

- Developing data collection protocols.
- Identifying and organizing beneficial ownership and control information reporting.
- Implementing a secure cloud application for timely filing.
- Training on “best practices” compliance.
- Revision of corporate documents to ensure compliance.