

Corporate Transparency Act — Are you Ready for the January 2025 Deadline?

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As the end of the year approaches, the Corporate Transparency Act (CTA) remains in effect despite facing legal challenges questioning its validity and constitutionality. The CTA, which took effect on January 1, 2024, requires many different types of business entities to report their beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN).

Approaching Deadline

Reporting companies formed prior to January 1, 2024, must file their BOI reports with FinCEN by January 1, 2025. With just under three months remaining until the filing deadline, business owners should take steps today to comply before year-end to avoid the risk of substantial civil and criminal penalties.

Reporting Companies

Reporting companies include corporations, LLCs, limited partnerships, and other entities created by filing a document with a secretary of state or similar office. There are 23 exemptions, most of which exempt reporting for highly regulated industries (e.g., financial services). A few other notable exemptions are tax-exempt entities, large operating companies, publicly traded companies, and inactive entities.

Beneficial Owners

A beneficial owner is defined as any person or entity that owns at least 25% of the reporting company, controls the ownership of at least 25% of the entity, or exercises substantial control over the company. Individuals who are considered to have substantial control include senior officers, a person with the power to appoint or remove senior officers, or someone who directs, determines, or has significant influence over business, finance, or organizational matters of the entity.

Looking Forward

Businesses created between January 1, 2024, and December 31, 2024, have 90 days to file a BOI report with FinCEN. Starting January 1, 2025, newly formed entities must file their BOI reports within 30 days of formation.

Once a BOI report is filed, a reporting company will need to update the report if there are any changes to the beneficial ownership information. If there are changes, such as a beneficial owner moving to a new address or appointing a new CEO, the reporting company has 30 days to file an updated report with FinCEN.

If you have any questions or concerns about BOI reporting, please contact [Laura McKinney](#) or your relationship attorney.

ICYMI — Beneficial Ownership Reporting Requirements under the Corporate Transparency Act

Increased reporting obligations are approaching quickly in an effort to crack down on money laundering and other illicit activity. These requirements, which are part of the Corporate Transparency Act, will impact many entities, including those formed for investment purposes or to hold rental or vacation property. Failure to comply with the new reporting obligations will result in hefty penalties...

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