

IS YOUR ENTITY A “REPORTING COMPANY”?

A “Reporting Company” is any corporation, LLC, or other legal entity formed under U.S. law, and any foreign legal entity registered to conduct business in the U.S., by filing a document with a state or tribal government office.

DOES YOUR ENTITY MEET ANY OF THE EXEMPTIONS?

There are 23 types of exempt entities, most of which fall into the following categories:

“Large Operating Companies”

- More than 20 full-time U.S.-based employees;
- A distinct (non-shared) physical U.S. office; AND
- Tax return for prior year demonstrates \$5 million in sales/gross receipts

Certain entities already subject to significant U.S. government regulation

(e.g., nonprofits, banks, insurance companies, investment companies, public utilities, and public companies)

Inactive entities

that meet certain requirements specified in the regulations

Exempt entities are required to certify to FinCEN that they are exempt from the reporting requirements of the CTA.

WHAT INFORMATION WILL YOU NEED TO PROVIDE TO FinCEN?

The Corporate Transparency Act requires Reporting Companies to disclose their “beneficial owners” to the Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”).

With certain exceptions, a “beneficial owner” is anyone who owns or controls a 25% or greater ownership interest in, or exercises “substantial control” over, the Reporting Company.

For entities formed on or after January 1, 2024, information about the “Company Applicants” (e.g., individuals who directed or controlled the filing of the document that created or registered the Reporting Company).

WHEN IS THE FILING DEADLINE?

Existing entities formed before January 1, 2024:	Before January 1, 2025
New entities formed or registered from January 1, 2024 through December 31, 2024:	Within 90 days of formation
New entities created or registered on or after January 1, 2025:	Within 30 days of formation
Amendments:	Within 30 days of any information change

NOTE: FILING OPENS ON JANUARY 1, 2024. FINCEN CANNOT ACCEPT REPORTS BEFORE THEN.

WHAT ARE THE PENALTIES FOR FAILURE TO COMPLY?

\$500 per day (\$10,000 maximum)

Maximum of 2 years in prison

This is a summary of certain provisions of the Corporate Transparency Act. Please contact us for guidance specific to your situation.



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