

Corporate Transparency Act

How it affects you and your business.





What is Corporate Transparency Act?

The Corporate Transparency (CTA), enacted in 2021, goes into effect on January 1, 2024.

- ❖ Passed to enhance transparency in entity structures and ownership.
- ❖ To combat money laundering, tax fraud, and other illicit activities.
- ❖ It is designed to capture more information about the ownership of specific entities operating in or accessing the U.S. market.
- ❖ It is important in that it creates a level of transparency that is necessary for business owners.

CTA Requirements

The CTA requires many small businesses to file Beneficial Ownership Information (BOI) to the Financial Crimes Enforcement Network (FinCEN) of the US Treasury Department. Essentially - who owns or controls their businesses.

Beneficial Owner - a “natural person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise:(1) exercises substantial control over such company
(2) owns 25% or more of such company.”

Reporting Business Structures

The CTA affects most reporting companies. In Texas, these companies typically include:

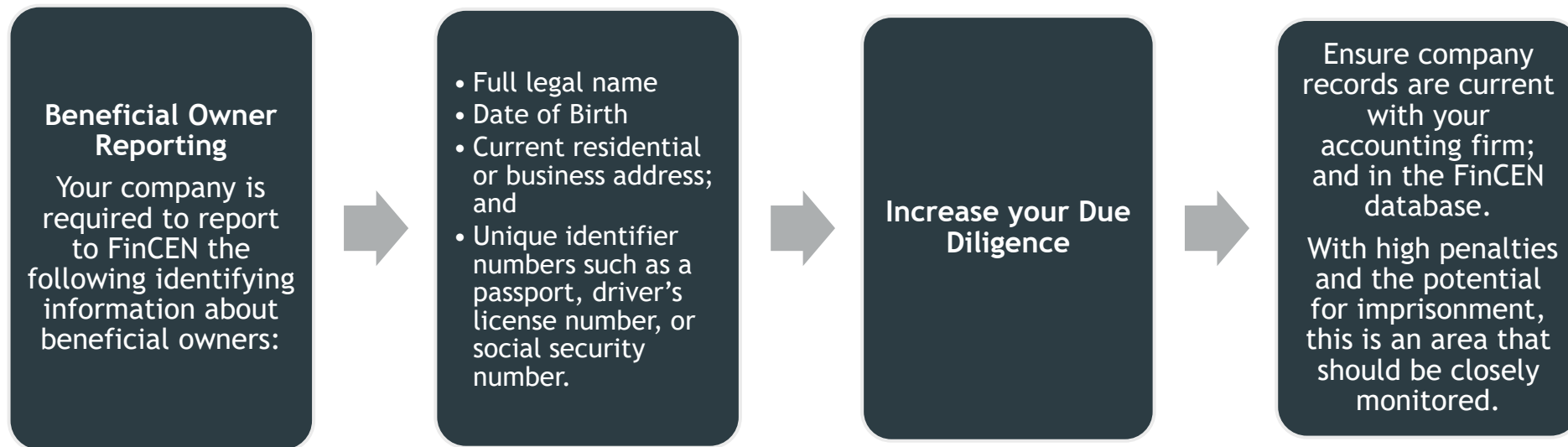
Limited Liability Company (LLC)

Limited Partnerships (LP)

Limited Liability Partnerships (LLP)

Corporations

How Can I Ensure I am Compliant?





Reporting Requirements

When Do I Report?

- ❖ Entities set up before January 1, 2024, should file by January 1, 2025
- ❖ Entities set up after January 1, 2024, should file within 30 days of incorporation.

How Do I Report?

- ❖ File on FinCEN's [online system](#)



Penalties for Non-Compliance

- ❖ **High Penalties** - ranges from \$500 to \$10,000 per violation
- ❖ **Potential for Imprisonment** - jail time of up to two years.



Exceptions to Reporting

There are 23 types of entities that are exempted from the reporting requirements.

These entities include publicly traded companies, nonprofits, and certain large operating companies.

Questions?



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