



ALERT

November 8, 2023



# Corporate Transparency Act

## *Deadlines and Reporting Requirements*

The federal Corporate Transparency Act (“CTA”) will be going into effect on January 1, 2024. The CTA will require a “Reporting Company” to disclose certain identifying information about beneficial owners and company applicant(s) to the Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) to be stored in FinCEN’s secure nonpublic database, known as the “Beneficial Ownership Secure System” (“BOSS”). Reporting Companies formed before January 1, 2024 are required to register with FinCEN by January 1, 2025. Reporting Companies formed on or after January 1, 2024 are required to register with FinCEN within 90 days of formation.

The CTA applies both to US entities and to foreign entities doing business in the United States. The purpose of the CTA is to increase transparency into entity ownership to counter money laundering and other illicit activities. Compliance with the CTA is mandatory and the penalties for knowing non-compliance can be severe, including criminal penalties and imprisonment. There will be no filing fee for submitting beneficial ownership information.

### **What is a Reporting Company:**

A “Reporting Company” is a corporation, limited liability company, limited partnership, or limited liability partnership that is formed or registered to do business in the U.S. by filing a document with a Secretary of State’s office or equivalent that is not exempt under the CTA. There are twenty-three types of entities that are exempt from the reporting requirements including tax-exempt entities, large operating companies, sole proprietorships and certain types of trusts.

### **What Information Does the Reporting Company Need to Report in an Initial Report:**

- **Company Information:** Basic information regarding the entity itself (i.e., name, d/b/a, jurisdiction, address, and employer identification number).
- **Beneficial Ownership Information (BOI):** Information identifying the individuals who directly or indirectly: (1) exercise substantial control over the Reporting Company, or (2) own or control at least 25% of the Reporting Company’s ownership interests (i.e., name, date of birth, residential address, and image of either U.S. driver’s license or passport)
- **Company Applicant(s):** *Note: Only applicable to reporting companies created on or after January 1, 2024.* Identifying information for each Company Applicant, which is defined as at least one and up to two individuals primarily responsible for directing or controlling the filing of the initial formation document with a Secretary of State or any similar office. (i.e., name, date of birth, address, and image of either U.S. driver’s license or passport).

## Updated and Corrected Reports:

A Reporting Company must file an updated report with changes to the Company Information or Beneficial Ownership Information no later than 30 days after the date of the change. An updated report is not required for any changes related to the Company Applicant or upon company termination or dissolution.

Reporting Companies must file corrections to reports within 30 calendar days after the date the Reporting Company becomes aware of any inaccuracy, and in any event, within 90 calendar days after the date on which an inaccurate report is filed.

### Impact on You:

If you have formed or plan to form a limited liability company, limited partnership, or corporation that is a for-profit entity, the CTA will apply to such entity.

#### Key Deadlines

- Reporting Companies formed before January 1, 2024 are required to register with FinCEN by January 1, 2025.
- Reporting Companies formed on or after January 1, 2024 are required to register with FinCEN within 90 days of formation.

#### Trusts as Beneficial Owners

- H&B's Private Client Group will be sending a separate alert outlining the CTA's impact on trusts who are beneficial owners of Reporting Companies.



## Contact Us

For assistance in complying with the CTA, please contact your Hemenway & Barnes advisor or the authors of this alert,

### John Siciliano | Partner

Email: [jsiciliano@hembar.com](mailto:jsiciliano@hembar.com) | P: 617-557-9729

### Teresa Belmonte | Partner

Email: [tbelmonte@hembar.com](mailto:tbelmonte@hembar.com) | P: 617-557-9702

### Leigh-Anne Lennon | Paralegal

Email: [llennon@hembar.com](mailto:llennon@hembar.com) | P: 617-619-8234

This advisory is provided solely for information purposes and should not be construed as legal advice with respect to any particular situation. This advisory is not intended to create a lawyer client relationship. You should consult your legal counsel regarding your situation and any specific legal questions you may have. ©2023 Hemenway & Barnes LLP | All Rights Reserved.