



Don't Get Fined: New Federal Reporting Obligations for Businesses Under the Corporate Transparency Act

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The deadline is fast approaching for Businesses to file their report to comply with the Corporate Transparency Act (CTA), which was enacted as part of the Anti-Money Laundering Act of 2020. This legislation introduces significant reporting requirements for certain business entities, aiming to enhance transparency and combat illicit financial activities. The deadline to file is December 31, 2024.

Key Provisions of the Corporate Transparency Act:

1. Who is Affected? The CTA requires reporting from most corporations, limited liability companies (LLCs), and similar entities created in the U.S. or registered to do business here. However, there are exemptions for larger entities that meet specific thresholds, including those with more than 20 employees and over \$5 million in revenue.
2. Reporting Requirements: Covered entities must disclose information about their "beneficial owners," defined as individuals who directly or indirectly own or control at least 25% of the entity or exercise substantial control over it. This includes:
 - o Full legal name
 - o Date of birth
 - o Residential or business address
 - o Identification number (e.g., passport or driver's license)
3. Filing Timeline: Entities created or registered after January 1, 2024, must file their initial reports within 30 calendar days of creation or registration of the entity. Companies created or registered to do business prior to January 1, 2024 will have until January 1, 2025, to comply with the reporting requirements.
4. Penalties for Non-Compliance: Failure to comply with the CTA can result in significant penalties, including civil penalties up to \$591 per day, and potential criminal charges. Therefore, it is crucial to understand these requirements and act accordingly.

Legal Alert

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Action Steps:

- Review Your Corporate Structure: Evaluate your business entities to determine whether they fall under the CTA's reporting obligations.
- Gather Necessary Information: Begin compiling the required details for your beneficial owners to ensure timely compliance.
- Consult Legal Counsel: Contact your legal counsel to discuss your specific situation, especially if you have complex ownership structures or if you believe you may qualify for an exemption.
- We are committed to helping you navigate these changes and ensuring your compliance with the Corporate Transparency Act. Please do not hesitate to reach out if you have any questions or require assistance.



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