

TYPES NOT MAPPED YET November 03, 2023 | TTR not mapped yet | Frederick R. Strasheim

Corporate Transparency Act Imposes Significant New Beneficial Ownership Reporting Requirements on Business Entities

The Corporate Transparency Act (CTA) goes into effect January 1, 2024. Under this statute, “reporting companies” will need to submit beneficial ownership information to the Financial Crimes and Enforcement Network (FinCEN) of the U.S. Treasury Department.

With limited exceptions, “reporting companies” are entities formed or registered to do business by the filing of a document with a secretary of state or similar office. This includes corporations and limited liability companies, among other entities. Entities formed prior to January 1, 2024, will have one year from that date to comply, while entities formed after that date will have to comply shortly after formation. Thompson Coburn’s team stands ready to help with your compliance questions.

In the past, businesses created in the United States were not obliged to publicly disclose or maintain a record of the names of their shareholders or ultimate beneficial owners (UBOs).

This lack of transparency meant it was possible for anonymous shareholders to have control over businesses and create shell companies as a tool to disguise and move illicit funds.

To deter such activity, Congress deemed federal legislation necessary to collect beneficial ownership information (BOI) for entities formed under US state laws. Known as the Corporate Transparency Act, this legislation was passed by Congress in January 2021 and is due to come into effect on January 1, 2024.

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