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Insights: Alerts

# Corporate Transparency Act Beneficial Ownership Report Filing Deadline for Companies Formed Before This Year is January 1, 2025 | Reporting Companies Should Prepare Now

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As we have previously reported, the federal Corporate Transparency Act (CTA) requires most privately held companies organized in the U.S. and foreign companies that register to do business in a U.S. state to file an online report with the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN). Among other things, the report must identify any individual who, directly or indirectly, exercises “substantial control” over the company or owns or controls 25% or more of the company. These individuals are called “beneficial owners”.

If you are forming a *new company*, the CTA is applicable to that company *now*. You have 90 days after formation to file an initial report with FinCEN during 2024, and 30 days after a new company is formed in 2025 and thereafter.

For *existing companies* that were formed prior to 2024, the initial report is due January 1, 2025.

*Changes in previously reported information* must be reported within 30 days after the change.

Despite various ongoing court challenges to the CTA, the January 1, 2025, reporting deadline for companies in existence prior to 2024 remains in effect, and is fast approaching.

We believe most companies should **prepare now** to file their reports but delay the actual filing if feasible until early December 2024. This will permit more time for the various court challenges to progress. There is still a possibility that more courts will decide that the CTA is unconstitutional, which may delay the rule's effective date or prevent it from taking effect at all.

But, for most companies, if the CTA remains in effect by early December, we think it will be prudent to evaluate at that time whether the company should go ahead and file, notwithstanding that the ultimate outcomes of court challenges may not be known then. Waiting until the very last minute to file reports may be inadvisable due to the increased risk of missing the deadline.

## HOW DO COMPANIES PREPARE?

Preparing for filing CTA reports can be thought of as a five-step process:

1. **Assess** which of the companies in your corporate group are required to file and which are exempt or otherwise not subject to the CTA.

Our CTA experts can help you analyze whether any of the CTA's 23 reporting exemptions apply to one or more the companies in your corporate group.

2. **Identify** beneficial owners of any companies that must report. We can assist you in applying the CTA's definition of beneficial owner to your list of candidates for each company.

3. **Collect** information required to complete the report, including images of acceptable identification.

For beneficial owners that may appear in multiple reports, you may wish to consider obtaining a “FinCEN identifier” for that individual, which obviates the necessity of multiple uploads of personal information about a beneficial owner.  We can confer with you on this option.

4. **Select** a filing method.  You can file directly with FinCEN free of charge, or you can utilize fee-based third-party applications, which often have additional functionality than FinCEN's own system. We can consult with you on selecting a filing method.

5. **Draft** reports using your filing method and save them for later filing. Particularly if you anticipate filing multiple reports, we think compiling a report or two will be good practice. If you have a voluminous number of reports, getting a head start on them may be important.

### PENALTIES

The willful failure to report complete or updated beneficial ownership information to FinCEN, or the willful provision of or attempt to provide false or fraudulent beneficial ownership information may result in a civil or criminal penalties, including civil penalties of up to $500 for each day that the violation continues, or criminal penalties including imprisonment for up to two years and/or a fine of up to $10,000. Senior officers of an entity that fails to file a required BOI report may be held accountable for that failure.

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Please do not hesitate to reach out to any of our principal CTA contacts below, or to your primary Kilpatrick contact for help or further information.

## Related People


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