

October 12, 2023

UPCOMING COMPLIANCE DATE UNDER THE CORPORATE TRANSPARENCY ACT

The Corporate Transparency Act (CTA) requires certain **U.S. and foreign corporations, LLCs and other entities** created by filing a document with a secretary of state (a Reporting Company) **to file a report with the Financial Crimes Enforcement Network (FinCEN)** about its beneficial owners and company applicants, unless an exemption applies.

Effective January 1, 2024, an entity that fails to file the necessary report, including a failure to disclose beneficial owners who are trustees or beneficiaries of a trust that has an ownership interest in a Reporting Company, **may be subject to civil and criminal penalties.**

Key Takeaways

Exemptions. Exempt entities include (1) entities with (i) more than 20 full-time employees in the U.S., (ii) a physical office in the U.S. **and** (iii) more than \$5 million in annual gross receipts or sales in the U.S.; (2) public companies; (3) highly regulated entities such as banks, broker-dealers and insurance companies; (4) non-profit organizations and (5) governmental authorities.

Individuals Who Must Be Identified. The report must identify beneficial owners, including trustees of a trust and, under certain circumstances, beneficiaries of a trust, who (i) exercise substantial control over a Reporting Company **or** (ii) own or control 25% or more of the ownership interests of the Reporting Company. Entities created on or after January 1, 2024 must also report company applicants, including persons who file the document that creates a Reporting Company.

Filing Dates. A Reporting Company formed on or after January 1, 2024 must file its initial report with FinCEN within 30 days of its formation. A Reporting Company formed prior to that date must file its initial report by January 1, 2025.

We are available to analyze and discuss with you the implementation of appropriate compliance measures to satisfy the requirements of the CTA.

Contacting Pavia & Harcourt LLP

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About Pavia & Harcourt LLP

Established in 1951, Pavia & Harcourt LLP is a business law firm concentrating in international commercial and corporate transactions, banking, media and entertainment, real estate, litigation and arbitration, intellectual property, estate planning and administration, and matrimonial law. We are based in New York City.

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