

CLIENT ALERT

Fifty Days Left to Comply with the Corporate Transparency Act

NOVEMBER 12, 2024

Today, November 12, 2024, marks the 50-day countdown to January 1, 2025. While many company leaders may be understandably focused on closing deals or wrapping up projects by the end of December, they would be wise to ensure their organization's compliance with the Corporate Transparency Act (CTA) before heading off to ring in the New Year.^[1]

As of early November 2024, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) had received just over 6.1 million combined initial and amended beneficial ownership information (BOI) reports, far short of the estimated 30-million-plus reporting companies covered by the CTA's BOI filing requirements.

KEY CONCEPTS

Reporting companies^[2] created prior to January 1, 2024, must report information concerning their beneficial owners by January 1, 2025. The CTA defines a "beneficial owner," with respect to a reporting company, as each and every individual (i.e., natural person) who, directly or indirectly, either: (i) owns or controls at least 25% of the ownership interests of such reporting company, or (ii) exercises "substantial control" over such reporting company.

There are reporting exemptions for 23 types of entities and special rules for beneficial owners who hold their ownership interests in the reporting company exclusively through exempt entities. Additionally, (i) minor children; (ii) individuals acting as nominees, intermediary custodians, or agents on behalf of another individual; (iii) certain employees of reporting companies; (iv) individuals whose only interest in a reporting company is a future interest through a right of inheritance; and (v) certain creditors of reporting companies are exempt from the definition of "beneficial owner." Violation of the CTA can result in civil penalties, criminal penalties, and even imprisonment.

Winston & Strawn's CTA Task Force Is Able and Ready to Assist

January 1, 2025, is only 50 days away. Is your organization prepared to comply with the CTA? Contact a member of Winston & Strawn's [CTA Task Force](#) today.

[1] While FinCEN recently extended the reporting deadline for certain victims of disasters related to Hurricane Helene, the extension only applies to reporting companies (i) created after January 1, 2024, with reporting deadlines

to file an initial or updated BOI report on or between September 22, 2024, and December 21, 2024; and (2) with a principal place of business in an area designated both by the Federal Emergency Management Agency as qualifying for individual or public assistance, and by the Internal Revenue Service as eligible for tax filing relief as a result of a disaster caused by Hurricane Helene.

[2] “Reporting companies” is a term of art encapsulating the vast majority of privately held corporations, limited liability companies, and other similar entities created in, or registered to do business in, any of the states in the United States and other United States Territories.

2 Min Read

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