

## Medical Practices are Subject to the New Corporate Transparency Act

Did you know that your California medical practice is a corporate entity? It is, and there is new federal legislation called the Corporate Transparency Act (CTA) that went into effect January 1, 2024, which will impact your practice. The CTA requires compliance by December 31, 2024, which is only four months away, and failure to do so will result in the imposition of unnecessary penalties. Don't stress, however, as Thakur Law Firm, APC (TLF) will help your medical practice comply with the CTA.

### What Is the CTA?

The CTA is a new federal law, codified under 31 U.S.C. § 5336, whose purpose is to enhance corporate transparency and prevent fraud. The CTA requires certain businesses, called "reporting companies", to provide a beneficial ownership information (BOI) report containing detailed information about the reporting company and the people who own, control, or helped create it. Reporting companies include corporations, limited liability companies (LLCs), and other entities created by filing a formation document with a secretary of state or similar office. Because medical practices are professional medical corporations in California, medical practices generally are reporting companies.

The following information about the reporting company will need to be reported to the Financial Crimes Enforcement Network (FinCEN), a division of the U.S. Department of the Treasury, in the BOI report: the full legal name of the company; any trade name or "doing business as" (DBA) name; the complete current U.S. address; the State or Tribal territory; and, the Internal Revenue Service (IRS) Taxpayer Identification Number (TIN) (including an Employer Identification Number (EIN)).

Additionally, the following information needs to be included about the reporting company's "beneficial owners" (i.e., those who exercise substantial control over reporting companies and those who own or control at least 25% of the reporting company's ownership interest) and, for reporting companies created on or after January 1, 2024, "company applicants" (i.e., those who directly file the document that creates the company and those who those or direct or control the filing): the full legal name; date of birth; complete current address; unique identifying number and issuing jurisdiction; and, an image of government issued identification. For more information, please see the attached white paper on this reporting requirement and read more on our website: [Click Here](#).

### What Are the Penalties and Deadlines?

The penalties for not meeting the BOI reporting requirements include:

- Civil penalties of up to \$591 for each day a violation is not remedied.
- A criminal fine of up to \$10,000.
- Possible imprisonment of up to two years.

For existing entities, reporting companies must file their BOI on or before January 1, 2025 (which is less than four months away). This is not optional, but a new mandatory legal

requirement. Reporting companies created in the calendar year 2024 will have 90 days to file their BOI reports and reporting companies created beginning January 1, 2025, will have only 30 days to file their BOI reports. If any of the information provided in a BOI report becomes inaccurate, such as due to changed circumstances (e.g., a beneficial owner selling his or her interest to another), then the BOI report must be revised within 30 days after the previous information becomes inaccurate.

### **How Will TLF Help?**

As a preferred business partner of the Medical Association, our objective at TLF is to ensure that your medical practice complies with the strictures of the CTA and avoids unnecessary penalties. Chief medical officers, senior level medical staff, corporate entities, and others can be held liable for willful violations of the BOI filing rules, so it is highly advisable to seek the assistance of competent and experienced legal counsel for matters related to CTA compliance.

To get started, contact us at [info@thakurlawfirm.com](mailto:info@thakurlawfirm.com), or call us at [844-394-6430](tel:844-394-6430) to set up an appointment to discuss next steps in more detail. We look forward to helping to ensure that your medical corporate entity is in compliance with the CTA.