CORPORATE TRANSPARENCY ACT REPORTING ON HOLD

The **Corporate Transparency Act (CTA)**, enacted in 2021 as part of the National Defense Authorization Act, aims to increase transparency in corporate ownership in the United States. It requires certain companies to report their beneficial owners—the individuals who ultimately own or control a company. This information is submitted to the Financial Crimes Enforcement Network (FinCEN) and is not made publicly available but can be accessed by law enforcement and certain other authorities to combat illegal activities like money laundering, terrorism financing, and tax evasion. The act's goal is to enhance the transparency of business ownership structures to prevent the misuse of shell companies for illicit activities.

Key points of the CTA:

1. **Who must report**: Most U.S. companies, including LLCs and corporations, must disclose their beneficial owners, unless they are exempt (e.g., large, heavily regulated entities like publicly traded companies or certain financial institutions).
2. **Beneficial owners**: These are individuals who, directly or indirectly, own or control 25% or more of a company, or who exercise substantial control over the company.
3. **Who needs to file**: The company itself must file the report, and it will include information on the owners' identities (name, address, date of birth, and an identifying number, like a passport or driver's license).
4. **Privacy & Access**: The information provided is stored by FinCEN and is not accessible to the public. However, law enforcement, certain regulators, and financial institutions conducting due diligence may access it.
5. **Deadline for compliance**: The filing requirements apply to companies formed after January 1, 2024. Existing companies were supposed to comply by January 1, 2025.

CURRENT STATUS

On December 26, 2024, the U.S. Court of Appeals for the Fifth Circuit reinstated the nationwide injunction halting further implementation and enforcement of the **Corporate Transparency Act (CTA)**. The current order also prevents FinCEN from enforcing the Beneficial Ownership Information Reporting Rule. *In light of a recent federal court order, reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force at this time.*

To learn more about the decision, please see: www.ca5.uscourts.gov/opinions/unpub/24/24-40792..pdf

For additional information regarding the state of the law and current litigation, please visit www.fincen.gov/boi. This is the official government site with information regarding the BOI Rule. You may find additional information here: [Wagenmaker Law Blog]()

This update is for informational purposes only. USASA does not provide legal advice; each member should consult with its own attorney about the legal requirements of this law.