

Upcoming Corporate Transparency Act Compliance Deadlines

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The material set forth below was developed before the 2024 and 2025 district court injunctions regarding the CTA (which were subsequently stayed and continue to be litigated). As a result, the material set forth below, including filing deadlines, may not be current. Please consult FinCEN's [website](#) for the latest filing due dates and other information regarding the CTA and its requirements.

As we are now in the fourth quarter of 2024, it is crucial for business owners to focus on the upcoming Corporate Transparency Act (CTA) reporting deadlines and to take the necessary steps to ensure compliance. The CTA is broad and sweeping in scope and mandates that certain businesses formed or registered to do business in the U.S. report beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN) by the required deadline.

Who Must Comply?

Applicability

- Corporations, limited liability companies, limited partnerships, and any other entities that are created by the filing of a document with a secretary of state or any similar office are defined as “domestic reporting companies” and must comply.
- Any “foreign reporting companies,” defined as any corporation, limited liability company, or other entity formed under the law of a foreign country and registered to do business in the U.S. by the filing of a document with a secretary of state or any similar office, must also comply.

Exemptions

- There are 23 exemptions from CTA reporting, which should be carefully reviewed to determine a given entity's reporting obligations. These exemptions are self-executing and do not require a company relying on an exemption to seek approval or give notice of its exemption except as noted below under the heading “Key Deadlines”.
- Each company should document in writing its good faith analysis and reasoning for its reliance on a self-

executing exemption and retain this written analysis as part of its corporate books and records. This summary could also include secondary exemptions in the event that a particular exemption no longer applied in the future.

Key Deadlines

1. Entities Formed or Registered Before January 1, 2024: If a nonexempt entity was formed or registered on or before December 31, 2023, it must file its initial BOI report with FinCEN by January 1, 2025.
2. Entities Formed or Registered in 2024: For nonexempt entities formed or registered in 2024, an initial BOI report must be filed within 90 days of formation or registration.
3. Entities Formed or Registered *in 2025 and After*: For nonexempt entities formed or registered in 2025 and after, the initial BOI report filing window will be reduced to 30 days after formation or registration.
4. Deadlines for Updates. If there is any change to the information required to be reported on a nonexempt entity's BOI report after it is filed, an amendment to the BOI report reflecting such updated information must be filed no later than 30 days after the date on which such change occurred. If a nonexempt entity filed a BOI report and later qualifies for an exemption from the BOI reporting requirements, it must file an updated BOI report to indicate that it is newly exempt from the reporting requirements.

Next Steps

To ensure compliance with the CTA and prepare for the upcoming deadline, a reporting company should take the following steps:

- **Assess the Reporting Obligations**: Evaluate the organizational structure to identify each entity that may be a "reporting company" under the CTA and required to file a BOI report. If an entity is a domestic reporting company or a foreign reporting company, evaluate whether the entity qualifies for an exemption from the CTA.
- **Review Records for Dissolved Entities and Entities That Have Been Merged Out of Existence**: Collect and report BOI for each entity that has dissolved and formally and irrevocably ceased to exist during 2024 or was merged out of existence during 2024. As described in more detail [in this article](#), FinCEN requires the filing of a BOI report for each nonexempt reporting company that ceased to exist (whether by dissolution or merger) after December 31, 2023. The BOI report should set forth the applicable information as of the moment prior to the entity ceasing to exist.
- **Determine Beneficial Owners and Gather Necessary Information**: Determine each entity's beneficial owners. Beneficial owners include each individual who, directly or indirectly, owns 25% or more of an entity's ownership interests or exercises substantial control over the entity. Further, collect each individual's BOI or FinCEN identifier to include in the applicable reports(s), including for any company applicant (for companies formed or registered in 2024 or later). **Note**: this step may require detailed analysis and significant coordination with third parties, so each reporting company should begin this process as soon as possible.

- **Submit the BOI Report:** Ensure that the BOI report is accurately completed and submitted to FinCEN by the applicable deadline. The filing is free and may be made following the prompts at www.FinCEN.gov/boi either via PDF or a web-based form. Alternatively, a reporting company may elect to file through a third-party service provider. Regardless of the method of filing, a reporting company should obtain the transcripts provided by FinCEN upon filing and retain them as part of their books and records.
- **Develop Processes for Ongoing CTA Compliance:** Companies will need to develop internal systems and processes to ensure compliance with the CTA moving forward. Such processes should include monitoring the following information:
 - Changes in reported information about an entity (*i.e.*, name change, address change, new d/b/a, etc.);
 - Changes in the population of a reporting company’s beneficial owners (for example, this would include ownership, changes in control, and/or changes in senior officers);
 - Changes in exempt/nonexempt status (for example, a company meeting the “large operating company” exemption will need to monitor its employee headcount — in addition to the other prongs of the exemption — on an ongoing basis to determine whether it continues to meet the exemption). Exemptions only apply for so long as the components of the exemption are applicable; and
 - Any plans for new entity formation, particularly in light of the 30-day reporting deadline beginning in 2025.
- **Remind Beneficial Owners of Ongoing Requirements to Update BOI:** Similar to the point above, companies should also have a process for capturing changes in BOI of the reported beneficial owners. Each reporting company should consider making frequent reminders to beneficial owners about the types of information changes that must be reported, in light of the 30-day window to report such changes. Companies should also consider having beneficial owners obtain a FinCEN identifier so that the burden of updating information falls to the individual beneficial owner rather than the reporting company. FinCEN identifiers can further lighten the reporting burden since information connected with a reported FinCEN identifier only needs to be updated in one location rather than requiring updates to multiple reports.

Need Assistance?

Given FinCEN’s outreach efforts to encourage businesses to comply with the CTA, FinCEN is making CTA compliance a priority and clients should do so as well. Ultimately, clients are responsible for completing and submitting their BOI reports. Troutman Pepper is available to assist clients with their analysis of how the CTA applies to their organization and whether any exemptions may be applicable. If you have any questions or need assistance with your BOI reporting obligations, please reach out to your primary Troutman Pepper contact or the authors of this article.

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