



# 2025 Guide to Corporate Transparency Act Compliance

## What is this law?

Effective January 1, 2024, the Financial Crimes Enforcement Network ("FinCEN"), a bureau of the federal Treasury Department, requires many companies and trusts to file annual reports with FinCEN providing identifying information about the company, its Beneficial Owner(s), and the company Applicant(s).

## What is the current status of the law?

Although companies were due to begin reporting throughout 2024, the law was quickly challenged in multiple federal court cases, and enforcement of the original reporting deadline was suspended while these cases proceeded. As of February 18, 2025, however, the last injunction against enforcement of the CTA was lifted, and the CTA therefore went back into effect. FinCEN has issued an extension of the original deadline to allow companies that have not yet reported (because their deadline fell during a period the CTA was blocked by the courts) to file their reports.

## Corporate Transparency Act Reporting

### Who is subject to reporting?

Most small businesses that are registered as LLCs, corporations, and some types of registered/statutory trusts are required to report. Generally, trusts used for estate planning or asset ownership/protection are not registered/statutory trusts and therefore are not required to report information about the trust itself (but a trust that is an owner of a reporting company may have to report information about the trust's trustees and beneficiaries).

### Who is exempt from reporting?

There are 18 types of entities that are exempt. These are generally entities that are already required to report information to the Treasury Department (e.g., insurance, banking, and investment entities; publicly traded companies; public accounting firms; nonprofits; churches; and government agencies).

Also exempt is an entity that: (i) employs more than 20 full time employees in the US; (ii) files tax returns in the US showing more than \$5 million in gross receipt or sales; and (iii) operates a physical office in the US.

Furthermore, an entity that has been in existence since before January 1, 2020 and which is not engaged in any business, has no had changes of ownership in the preceding 12 months, does not own any assets, has not sent or received more than \$1,000 in the preceding 12 months, and does not have foreign owners, is exempt.

### When does a report need to be filed?

Entities/Statutory Trusts formed on or before 12/31/2023 or between 9/4/2024 and 2/19/2025:

- March 21, 2025

Entities/Statutory Trusts formed between and including 1/1/2024 and 9/3/2024:

- 90 days from date of formation (the deadline for entities formed in this timeframe has passed and if filing has not been made, it should be made as soon as possible)

Entities/Statutory Trusts formed on or after 2/20/2025:

- 30 days from date of formation

Some Entities/Statutory Trusts may have had their original deadlines extended beyond the March 21, 2025 date due to natural disaster relief extensions provided by FinCEN. Those entities will still be required to report by those original extended deadlines.

### What must be reported?

**Company** – (i) Full legal name; (ii) all trade names and DBAs; (iii) street address of principal place of business in the US; (iv) the state of formation/registration; and (v) Tax Identification Number.

**Beneficial Owners & Applicants\*** – (i) Full legal name; (ii) date of birth; (iii) current residential address; (iv) passport #, driver's license #, or ID card #; (v) copy of ID document; and (vi) jurisdiction that issued the ID.

**Updates/Corrections** – (i) any changes to previously reported information must be reported within 30 days of its occurrence, and (ii) any corrections to inaccurate information must be reported within 90 days of submission of the incorrect or inaccurate information.

*\*Applicant information does not need to be reported for entities formed on or before 12/31/2023.*



## Who is a Beneficial Owner?

A Beneficial Owner is an individual who directly or indirectly:

A) Has control or substantial influence over any company decision beyond day-to-day operations regardless of whether such individual is actually an officer of the company; **or**

B) Owns and controls at least 25% of the entity, whether individually, jointly, or through an intermediary or trust arrangement (including trusts established for estate planning or asset protection).

## Penalties for non-compliance

Penalties include a civil penalty of \$500/day, up to \$10,000, and a criminal penalty of up to 3 years in prison for (i) knowingly providing false information or (ii) willfully failing to provide complete or updated information.

Please be advised that CPM will not be preparing and filing CTA reports on your behalf. However, we will provide "Applicant" information if applicable for your report and will happily answer any questions you may have. Please also be advised that this information is intended only to alert you to the CTA's requirements, and is not legal advice or a comprehensive statement or summary of the CTA.