

## The Corporate Transparency Act Quarterly Update

October 2024

Welcome to the inaugural edition of *The Corporate Transparency Act (CTA) Quarterly Update!*

Every quarter, we'll send you this brief alert to give you the latest, up-to-date information about the CTA. O'Melveny has one of the most knowledgeable and experienced CTA legal teams around – we've been assisting clients of all sizes, from a wide range of industries, with both domestic and foreign activities. We can help you and your organization assess potential reporting, ongoing compliance, and strategic planning. Reach out if you have questions, need a deeper dive, or just want a gut check.<sup>1</sup>

As we move into the last quarter of 2024, if you've been postponing thinking about (or have never heard of) the CTA, now is the time to start paying attention. The December 31 deadline for reporting companies to file an initial beneficial ownership report with Treasury's Financial Crimes Enforcement Network (FinCEN) is right around the corner. Don't wait until December. Take the time to analyze your company's potential compliance obligations now. If you do need to file a report (or multiple reports), you'll also want some time to analyze which individuals are reportable as your company's beneficial owners and (if applicable) who are your reportable company applicants.

### As a reminder, the CTA:

- Applies to certain domestic and foreign legal entities, including corporations, LLCs, and companies created or registered to do business in the US by the filing of a document with a secretary of state.
- Exempts 23 types of entities from reporting.
- Requires the reporting of the people who are beneficial owners of the company, whether through 25% or more ownership or through substantial control.
- Allows for electronic reporting through [www.fincen.gov/boi](http://www.fincen.gov/boi).



### Filing Deadlines

**Reporting companies created before 1/1/24:** File initial report by 12/31/24

**Reporting companies created in 2024:** File initial report within 90 days of creation (note: the deadline for new company reporting shortens to 30 days starting in 2025)

#### Changes to reported information?

File an updated report within 30 days

1. Find O'Melveny's two page reference guide [here](#) and our step-by-step company guide [here](#). Our prior CTA client alerts about the CTA are [here](#) and [here](#). Want to watch our CTA webinar? You can find that [here](#).

## What's New



**FAQs: FinCEN has released a handful of FAQs since implementation began on January 1.**

**A few of the more useful FAQs address:**

- What TIN a company that is disregarded for US tax purposes should use.
- Whether a reporting company that ceases to exist before its initial report is due still needs to file an initial report. (The answer is yes.)
- Under what circumstances the subsidiary exemption applies: when the “subsidiary’s ownership interests are fully, 100 percent owned or controlled by an exempt entity.”
- Who are the reportable company applicants, including more clarity on the person who is the “primarily responsible” company applicant.

**Some filing tips:**

- E-Filing is relatively straightforward if you’re only filing a few reports. You can save the fillable PDF form on your computer, along with a confirmation transcript after you’ve filed.
- Applying for a FinCEN identifier can take only a few minutes. You’ll need to have or create a login.gov account (the same account you use to access your Global Entry or Social Security accounts).
- If you need to update a report, you’ll need to re-enter every field all over again. So save those filed reports!

**Ongoing litigation:** Federal lawsuits challenging the constitutionality of the CTA have been filed in Maine, Texas, Oregon, and Michigan. Oral argument in the 11th Circuit was held on September 27 following the government’s appeal of a Northern District of Alabama court’s ruling in March finding the CTA unconstitutional. The court’s injunction applied only to the plaintiffs in that case.

## Looking Ahead

As the first year of implementation comes to a close, and companies start to apply the CTA to a wide variety of organizational structures and business models, our team has tackled a number of questions that continue to arise. There are sometimes no clear answers. Whether its merger subs, single-property LLCs, assessing individual directors, or working through foreign or trust (or maybe foreign trust) ownership, we can help with your unique situation. Feel free to reach out to our team.

## RELATED PROFESSIONALS



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