

PORZIO'S 7 THINGS TO KNOW ABOUT THE CORPORATE TRANSPARENCY ACT

New Compliance Requirements Effective January 1, 2024

Contact our team to learn more about the new compliance requirements and how to prepare.

WHAT IS THE CTA?

A new federal law that requires reporting of persons who own or control corporations, limited liability companies, limited partnerships and foreign companies ("Entities") as part of Anti-Money Laundering legislation.

WHY DO I CARE?

Violation of the CTA carries penalties of **\$500/day**.

WHEN DOES IT START?

- **Existing Entity** – Initial filing by December 31, 2024.
- **Entity Formed After January 1, 2024** – Within 90 days of formation.
- **Entity with a Change of Ownership or Control After January 1, 2024** – Within 30 days of change of control (e.g. transfer of interest, death of owner, issuance equity to new owner) or change of address.

WHO DOES IT APPLY TO?

All Entities are "Reporting Companies" unless they are exempt. Exemptions include:

- Large operating companies with at least 20 employees and \$5 million of gross revenue
- Subsidiary companies of Non-Reporting Companies
- Inactive entities with no assets
- Tax-Exempt Entities
- Entities subject to separate federal oversight (banks, brokers/dealers, SEC registered, investment / insurance advisors)
- Publicly Traded Entities

WHAT DOES A REPORTING COMPANY NEED TO REPORT?

Reporting Company must provide "Beneficial Owners" and "Applicant" details to a new federal database.

- **Beneficial Owners** – Individuals who directly or indirectly (e.g. through trusts or other Entities) (1) own or control 25% of the ownership interest in the Entity, or (2) substantially control the Entity.

Example – LLC owned by A, B, C Trust and managed by D. Beneficial Owners include A, B, Trustee and beneficiaries of C Trust, and D as LLC Manager.

- **Applicants** – Any person who creates a Reporting Company or directs another to create a Reporting Company.

Example – Assistant who forms entity with a state and the person who directed the assistant are both Applicants.

WHAT INFORMATION MUST BE REPORTED TO THE FEDERAL DATABASE?

Every Reporting Company must provide personal information on all Beneficial Owners and Applicants, including:

- Full legal name
- Date of birth
- Residential address for individual
- ID - passport, state ID or driver's license

WHAT DO I NEED TO DO?

- Determine if an entity is a Reporting Company.
- Identify all Entities in which a person, a trust, or another entity have an equity interest.
- File report for each Reporting Company before the deadline.

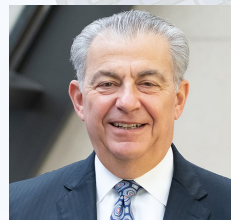
Many law, accounting and registered agent firms are not taking on CTA compliance engagements. Porzio will service its clients in CTA analysis and reporting. Contact our team to learn more about the new CTA compliance requirements.



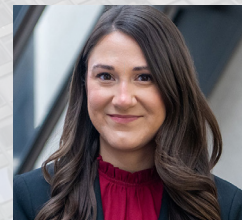
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