

## **New Reporting Rules for Corporations and LLC's**

The U.S. CTA was enacted in 2021 and became effective Jan. 1, 2024. Its purpose is to limit illicit activities by individuals using corporate entities to shield their identities. The CTA requires many companies in the United States to report information about their beneficial owners to the Financial Crimes Enforcement Network (FinCEN). FinCEN is a bureau within the U.S. Department of the Treasury.

Under the CTA, both existing and newly formed entities are (subject to certain exceptions) required to file certain information pertaining to the company, its beneficial owners and, for newly formed entities only, its applicants. Failure to timely comply with the reporting obligations could result in both civil and criminal penalties.

Filing deadlines are as follows:

- entities formed prior to Jan. 1, 2024, must file their report no later than Jan. 1, 2025;
- entities formed during the calendar year 2024 must file their report within 90 days of formation;
- entities formed on or after Jan. 1, 2025, must file their report within 30 days of formation.

FinCen's website located at: <https://www.fincen.gov/boi>. Frequently asked questions at: <https://www.fincen.gov/boi-faqs>

New York State similarly enacted the New York LLC transparency Act in 2023 which will become effective on Jan. 1, 2026. Unlike the U.S. CTA which has broader application, the NY transparency legislation only applies to certain LLC's formed or qualified to do business in New York State. Failure to comply with the law may result in civil fines or suspension/dissolution of the entity but unlike the federal law does not carry criminal penalties.

Filing deadlines are as follows:

- LLCs formed or qualified after Jan. 1, 2026 must file within 30 days after submission of the Articles of Incorporation or with the application to qualify to do business;
- LLCs formed or qualified before Jan. 1, 2026 must file by Jan. 1, 2027.

New York requires an annual filing to confirm or update the beneficial ownership information.

Further reports are not required under the U.S. CTA unless there is a change in beneficial ownership.

Under both Acts access to the data collected will be limited to government agencies who have a need to know for certain law enforcement and other purposes.