



ATTENTION:

Valued Clients

DATE:

10 January 2024

Corporate Transparency Act

A new year, a new law. 2024 brings with it the Corporate Transparency Act, which will impose significant new reporting requirements on many small businesses and entities.

The Corporate Transparency Act (the "CTA") was enacted by Congress as part of its effort to combat terrorism, organized crime, and money laundering. The United States is joining other nations that have already adopted similar reporting requirements to make it more difficult to hide criminal activity from law enforcement by creating shell companies. The CTA requires certain entities to report information about the companies themselves, their beneficial owners, and company applicants.

The CTA's provisions are extensive and will apply to many companies created for legitimate purposes, with severe penalties for not accurately and timely reporting required information to the government through an online reporting system created by the Financial Crimes Enforcement Network ("FinCEN"), a department of the United States Treasury. The reporting requirements for entities existing as of December 31, 2023 are delayed until January 1, 2025; however, entities formed on or after January 1, 2024 will be subject to these rules and are required to report no later than 90 days after the entity is formed. This is a small window to assimilate all the required information. Therefore, it is critical for those who are forming entities beginning in 2024 to start gathering the required information well before the entity is formed.

If you have any questions about the CTA, including whether it applies to your entity, please reach out to us at (972) 503-9800.

Additional information can be found using the following link: <https://fincen.gov/boi>



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