

Law Office of Jose J. Valcarce

The Corporate Transparency Act

This presentation is intended to be a general summary of the law and does not constitute legal advice. You should consult with an attorney to determine applicable legal requirements in a fact specific situation related to your business.

What is the Corporate Transparency Act?



The Corporate Transparency Act (CTA) is a Federal law enacted in 2021 to combat money laundering and other illicit activities. It requires many companies to report beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.

Who is required to report?

Under the CTA, reporting is generally required for corporations, limited liability companies, and certain other legal entities created or registered in the United States, with limited exceptions (“Reporting Companies”).

CTA Compliance

Effective January 1, 2024, a Reporting Company must file an initial Beneficial Ownership Report (BOIR) by the reporting due date.

The initial BOIR will include certain basic information on:

- ~ The Reporting Company;

- ~The Beneficial Owners of the Reporting Company; and

- ~ The Company Applicants of the Reporting Company in certain cases.

***A Beneficial Owner is generally an individual who directly or indirectly owns or controls 25% or more of the Reporting Company.

When is the initial BOIR filing due?

If your Reporting Company was created or registered prior to January 1, 2024, you have until January 1, 2025, to file.

If your Reporting Company was created or registered in 2024, you must file within 90 calendar days after receiving actual or public notice that your company's creation or registration is effective, whichever is earlier.

If your Reporting Company is created or registered on or after January 1, 2025, you must file within 30 calendar days after receiving actual or public notice that its creation or registration is effective.

What is the reporting process?

BOIR filings are handled electronically through a secure filing system maintained by FinCEN.

Detailed information on the CTA, applicable compliance requirements, and access to the secure filing system, is available through FinCEN's website:

www.fincen.gov/boi

The BOIR will be considered sensitive information and kept confidential, except for access by certain governmental authorities and authorized financial institutions.

What are the penalties for non-compliance?

Civil penalties may include a fine of \$500 per day. Criminal penalties may also be imposed including a maximum of two years imprisonment.

How does this impact your business moving forward?

You should establish protocols to regularly identify and update information when changes occur. Any updates or corrections to beneficial ownership information that you previously filed with FinCEN must be submitted within 30 days.

Help is Available

Jose J. Valcarce is here to assist you in meeting your compliance requirements and to answer any questions that you may have.

Complying with the Corporate Transparency Act is essential for maintaining business integrity and avoiding legal issues.

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