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## Corporate Transparency Act (“CTA”) Update: The CTA’s Reporting Requirements Rule is Here

by Matthew Ditman

Early last year, Congress enacted the CTA—legislation that will create federal reporting requirements for millions of private companies that have never been required to disclose information about company ownership. If you are forming a company to (i) start a new business venture, (ii) operate as a holding company, (iii) acquire the assets of an existing company, or (iv) for any other purpose, there is a good chance that the CTA will impose reporting obligations on your company. On September 29, 2022 the Financial Crimes Enforcement Network (“FinCEN”), a division of the U.S. Treasury Department, issued its [final rule](#) implementing the CTA’s beneficial ownership information (“BOI”) reporting requirements. This rule is the first of three that FinCEN will promulgate to implement the CTA. For a more thorough review of the CTA and its reporting requirements, please see our [previous article](#) on CTA essentials.

The final reporting rule sets forth (i) who must file a BOI report, (ii) what information must be disclosed in such a report, and (iii) when “reporting companies” must file their initial BOI reports with FinCEN. The final rule’s requirements for the first two pillars remain largely unchanged from those contained in the [2021 Notice of Proposed Rulemaking](#). However, the final rule does not require reporting companies existing or registered at the effective date of the rule (specified below) to identify and report on their “company applicants.” This is a sigh of relief for many “older” reporting companies who might have trouble finding the person who originally filed the documents that set up the company.

The final rule’s most significant update, though, concerns when reporting companies must file their initial BOI reports with FinCEN. The rule’s effective date is [January 1, 2024](#), and reporting companies created or registered *before* that date will have until [January 1, 2025](#) to file their initial BOI reports with FinCEN. Deviating slightly from the proposed rule, however, reporting companies created or registered *after* January 1, 2024 will have thirty (30) days after receiving notice of their creation or registration to file their initial BOI reports. This deadline was relaxed from only 14 days in the proposed rule. To help reporting companies navigate the BOI reporting process, FinCEN will publish BOI reporting forms that companies can use to comply with the reporting rule well in advance of the rule’s January 1, 2024 effective date.

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As noted above, the BOI reporting rule is just part one of three FinCEN rules for implementing the CTA. Moving forward, FinCEN will engage in additional rulemaking to (i) establish rules for who may access BOI and for what purposes, and what safeguards will be put into place to protect this sensitive information; and (ii) revise FinCEN's customer due diligence rule. BOI will include the sensitive personal information of the owners of small businesses. Names, addresses, dates of birth and drivers' license or passport numbers will be disclosed to FinCEN. To ensure the confidentiality of BOI, the agency intends to impose limits on who may access the information and training requirements for those authorized people, maintain a permanent system of standardized records and an auditable trail of each BOI request, conduct an annual audit, and follow other necessary or appropriate safeguards. Considering the magnitude and far-reaching effects of the CTA, building out a sufficiently secure database will surely prove to be a gargantuan task for FinCEN.

As the CTA continues to take form, Kutak Rock is keeping close tabs and will give you any needed updates on these regulations. If you have questions about how, if at all, the CTA will affect your business, or whether you will need to report under the CTA, please contact a member of Kutak Rock's Scottsdale Corporate & Securities Practice Group. You may also visit us at [www.kutakrock.com](http://www.kutakrock.com).

