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Corporate Transparency Act Filing Deadline

Stephen Lasser · Friday, October 25th, 2024

The Corporate Transparency Act (CTA) is a federal law passed in 2020 to combat money laundering, corruption, and other illicit activities by requiring limited liability companies (LLCs), corporations, and similar entities to disclose information about their beneficial owners (the individuals who ultimately own or control the entity). The CTA aims to prevent the misuse of anonymous shell companies, but as a practical matter it will impact LLCs, Corporations, Cooperatives (Co-ops), Homeowners Associations (HOAs) and Condominiums.

Key Provisions of the CTA:

- **Beneficial Ownership Reporting:** Commencing in 2024, entities must report identifying information about their beneficial owners (those who own 25% or more of the company or have significant control over it — including board members) to the Financial Crimes Enforcement Network (FinCEN).
- **Exemptions:** Certain large, regulated, or publicly-traded entities are exempt, but small companies are generally required to comply.
- **Enforcement:** Non-compliance can lead to significant penalties, including fines and criminal charges.

Requirements for LLCs, Corporations, Co-ops, HOAs, and Condominiums in New York City and New York State:**

If you are an entity existing prior to January 1, 2024, you must submit the below information for both the entity and its beneficial owners **no later than January 1, 2025.**

For entites formed on or after January 1, 2024, you must submit the above information for both the entity and its beneficial owners **within 90 days OF FORMATION.**

For board members of LLCs, Corporations, Co-ops, HOAs, and Condominiums**, the CTA imposes the following requirements:

1. **Beneficial Ownership Interest Reporting:** Board members are considered beneficial owners under the CTA. LLCs, Corporations, Co-ops, and HOAs organized in New York must comply with the CTA's reporting requirements. This includes disclosing the names, addresses, birthdates, and identification numbers of beneficial owners who meet the 25% ownership threshold or exercise control as a board member. The document bearing your identification number (such as a non-expired driver's license or passport) must be scanned and submitted as part of your entity's

submission.

2. **Reporting Company Report**: The "reporting company" (in other words, the LLC, Corporation, Co-op, HOA, or Condominium association itself) must also disclose the full legal name, current business address or primary location; jurisdiction of formation (or registration, for condominiums), and Tax ID number.
3. **Filing with FinCEN:** If an entity is covered by the CTA, its board must ensure the entity files the beneficial ownership information with FinCEN. This information is not publicly available and is intended to help law enforcement detect illegal activities.
4. **Annual and Updated Reporting:** Boards must keep the information up to date by reporting any changes in beneficial ownership within a specified time frame (typically within 30 days of any change). This means that the information should be updated following any board election in which a new board member is elected (or an old board member is leaving the board).
5. **Penalties for Non-Compliance:** Board members could face penalties for failure to comply with the CTA's reporting requirements, including civil fines up to $500.00 per day and potential criminal penalties. This amount is adjusted annually for inflation, and is currently set at $591.00 per day.

****ARE CONDOMINIUMS REQUIRED TO REPORT UNDER THE CTA?**

The CTA requires that any business entity that is formed by filing with the Secretary of State to report. In New York State, Condominiums are technically required to file their declaration and any amendments thereto with the New York Department of State. In light of this requirement, we recommend that all condominium associations file the Beneficial Ownership Interest Report unless and until guidance is issued otherwise. (Keep up to date on the CTA and other legal developments by subscribing to our **newsletter or checking our website** for any changes to the CTA.)

ARE THERE ANY EXCEPETIONS TO FILING THE BENEFICIAL OWNERSHIP INTEREST REPORT?

There are certain exceptions for entities that are subject to regulation from other government agencies (most of which are not relevant to residential associations). The most common exception that may apply to some of our clients would be for entities that have 20 or more employees and more than $5 million in revenues and receipts. (You can consult with an attorney from Lasser Law Group to determine whether your entity should be exempt due to one of the exceptions.)

HOW CAN LASSER LAW GROUP HELP?

Any entity may directly file the required beneficial ownership report, for free, through FinCEN's E-filing website (https://boiefiling.fincen.gov). However, there are several steps required for monitoring compliance that may result in large penalties in the result of an error or oversight. To avoid these potential penalties and other pitfalls that may result due to noncompliance, Lasser Law Group suggests the use of a third-party service provider like **FinCEN Report** to ensure continued compliance with the CTA.

FinCEN Report is a private company not affiliated with the government agency of FinCEN. FinCEN Report requires the acceptance of its service agreement (which may be terminated at any time) and the payment of an annual fee of $200.00. If you are interested in this service and would like our assistance, please have the Board or your Property Manager reach out to the staff at Lasser Law Group who will assist with the registration process and ensuring all required information is

properly included on the beneficial ownership report filed on behalf of your entity.

The CTA's impact on New York LLCs, Corporations, Co-ops, HOAs and Condominiums depends on their specific legal structure, revenue, and size. The deadlines to comply with the CTA are rapidly approaching, so entity owners and boards should ensure compliance as soon as possible. Please do not hesitate to contact me at ablake@lasserlg.com or (212) 376-3205 to discuss your entity's compliance with the CTA.

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