



# Electronic Alert

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## Be Aware of the Corporate Transparency Act

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Flying under the radar in the general news is the Corporate Transparency Act (“CTA”), requiring filing from certain eligible entities.

The CTA is intended to counter the use of shell companies utilized for financial and tax fraud and illicit corporate practices. While there are few bad actors, the CTA requires a large number of entities to file information regarding the individuals who own or control the company. If this is the first time you have heard of the CTA, you are not alone.

### Reporting Entities

A Reporting Company is broadly defined. It means a company that is created by the filing of a document such as a registration with the State Corporation Division. Exempt entities include those entities already regulated elsewhere such as public companies, insurance providers, 501(c)(3) nonprofits (but not other nonprofit organizations), and governmental entities. There is also an exemption for “large operating companies.”

### Entities Formed After 1/1/2024 vs. Existing Companies as of 1/1/2024

Anyone forming a new entity in 2024 should evaluate whether they must file under the CTA within 90 days of formation. Entities operating prior to 1/1/2024 have a longer period to consider filing.

### Penalties

As the CTA is part of a broader national security package, the penalties for noncompliance are steep and serious.

### Next Steps

All entities should make a considered evaluation regarding the CTA impact and filing requirements. Contact Jeff Robertson, Iris Tilley, or your Barran Liebman attorney to receive additional information regarding the CTA and its requirements. *Jeff Robertson can be reached at 503-276-2140 or [jrobertson@barran.com](mailto:jrobertson@barran.com), and Iris Tilley can be reached at 503-276-2155 or [itilley@barran.com](mailto:itilley@barran.com).*