

## CORPORATE TRANSPARENCY ACT (CTA) COMPLIANCE: A GUIDE FOR IN-HOUSE LEGAL PROFESSIONALS

### 1

#### Is Your Company Subject to CTA Reporting?

- Under the CTA, all non-exempt entities (“Reporting Companies”) must file Beneficial Ownership Information Reports (BOIRs) identifying anyone who owns **25 percent or more of the entity’s ownership interests**; OR, **exercises substantial control over the entity**. *This includes subsidiaries and joint ventures.*
- **Reporting Companies** include foreign corporations, LLCs, LLPs, business trusts and other entity types which are registered to do business in the U.S. in any state, territory or tribal area in the U.S.
  - Note, domestic U.S. entities are exempt from reporting requirement. Additionally, a foreign entity that is entirely owned and controlled by U.S. persons is also exempt from reporting requirements.
- The CTA exempts 23 types of entities, including publicly traded companies; 501(c) tax-exempt organizations; and, certain large operating companies. *Always consult with counsel before concluding an exemption applies.*

### 2

#### BOIR Deadlines

- Entities registered to do business in the U.S. on or before March 26, 2025 – **April 25, 2025**
- Entities registered to do business in the U.S. on or before March 26, 2025 – 30 days from the date of formation.
- Updates to entity or Beneficial Owner information – 30 days from the date change occurred.

### 3

#### Identifying Beneficial Owners: Two-Prong Test

- Individuals who **own/control at least 25%** of the entity’s ownership interests; which include profit interests, convertible instruments, options, privileges, or any other mechanism to establish ownership.; **OR**
- Individuals who **exercise substantial control** over the entity. This includes senior officers (CEO, COO, CFO and GC) and any individual who directs, determines, or has substantial influence over important decisions.

### 4

#### Are You (or Someone in Your Organization) a Company Applicant?

- Company Applicants are the **individuals who direct and control the filing** of documents that create Reporting Companies. There will always be at least one, but no more than two, Company Applicants for each entity registered on or after January 1, 2024.
  - Note, companies registered before January 1, 2024 do not need to report Company Applicants.
- E.g., you personally filed a document with Delaware Secretary of State to register a foreign entity. You are a Company Applicant (even if you are a U.S. person). If you registered the entity at the direction of another individual, that person is the second Company Applicant.

## Beyond Reporting: CTA Compliance as Good Corporate Hygiene

- Like cybersecurity and data privacy, CTA compliance, if applicable, must be incorporated into overall operations.
  - Corporate Recordkeeping – Update recordkeeping policies related to entity formations/dissolutions and obtain and maintain FinCEN Identifiers for Company Applicants and Beneficial Owners.
  - Corporate Transactions – Update due diligence provisions, representations & warranties, and contract terms to include CTA obligations for reporting company and beneficial owners.
  - Establish processes for ongoing monitoring and reporting of changes to reporting company and beneficial ownership information.

**READ ABOUT THE CORPORATE TRANSPARENCY ACT**  
**INCLUDING FREQUENTLY ASKED QUESTIONS →**



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