

## Your Estate Plan and the Corporate Transparency Act

You may already be aware of a new federal law called the Corporate Transparency Act (the CTA), which became effective on **January 1, 2024**. The CTA was enacted as part of the National Defense Authorization Act and mandates that certain business entities ("Reporting Companies") report identifying information to the Financial Crimes Enforcement Network (FinCEN). Additionally, a Reporting Company must inform FinCEN about its "Beneficial Owners," defined as persons who hold significant equity (25% or more ownership interest) in the Reporting Company or who exercise substantial control over the Reporting Company.

### Reporting Companies and Beneficial Owners

Limited liability companies, limited partnerships, and other closely held entities which you may have created as part of your estate planning are likely to be considered Reporting Companies for purposes of the CTA. Moreover, if any such Reporting Company is held in whole or in part by trusts you have created, the trusts may be considered Beneficial Owners of the Reporting Company. In this case, information about the trusts' trustees, in addition to information about the Reporting Company itself, must be reported to FinCEN. For the avoidance of doubt, trusts themselves are not considered Reporting Companies.

In certain circumstances, including the following, the beneficiaries and the grantors or settlors of trusts which are the Beneficial Owners of a Reporting Company may need to be reported:

- A beneficiary who is the sole permissible recipient of income and principal from the trust.
- A beneficiary who has the right to demand a distribution or withdraw substantially all assets from the trust.
- A grantor or settlor who has the right to revoke the trust or otherwise withdraw the assets of the trust.

Note too that information about the Executor of an estate which qualifies as the Beneficial Owner of a Reporting Company may need to be reported.

### What Will Have to Be Reported

#### Reporting Companies

- Legal name and any trade or "doing business as" names.
- Street address for company's principal place of business.
- State of formation.
- Tax Identification Number.
- Reports on the Beneficial Owners and (for companies created on or after January 1, 2024) individuals who assist in the formation of the Reporting Company.

#### Beneficial Owners

- Full legal name.

- Date of birth.
- Home address.
- Unique identifying number from a valid identification document, such as a passport or driver's license and an image of the document.

### **When Must Information be Reported?**

Reporting Companies in existence prior to January 1, 2024 must file initial reports with FinCEN no later than January 1, 2025. Reporting Companies formed on or after January 1, 2024 but prior to January 1, 2025 will have 90 days after receiving notice of their creation or registration to file initial reports. Reporting Companies formed after January 1, 2025 will have 30 days after receiving notice of their creation or registration to file initial reports.

In addition, Reporting Companies have 30 days to report changes in the information previously reported to FinCen. Note that this requirement could be easily overlooked, and, for example, would obligate reporting if an individual with ownership or control moves or changes their name.

### **Resources**

More information on filing requirements and access to the FinCEN portal to file reports can be found here: <https://boiefiling.fincen.gov/>. Patterson Belknap will not be filing reports on behalf of clients, but we are happy to answer questions about reporting requirements and direct you to external resources that can assist with filings.

Links to the firm's prior client alerts on this topic can be found here:

- [FinCEN Issues Notice of Proposed New Beneficial Ownership Information Reporting Requirements Under the Corporate Transparency Act](#)
- [FinCEN Issues Final Rule for Beneficial Ownership Information Reporting Requirements Under the Corporate Transparency Act](#)
- [2024: A New Year; A New Reporting Regime](#)

**This alert is for general informational purposes only and should not be construed as specific legal advice. If you would like more information about this alert, please contact one of the following attorneys or call your regular Patterson contact.**

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