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Read This If You Have Fewer Than 20 Employees

Ellen C. Wells

Green Profit columnist Bill McCurry of McCurry Associates wants you to know about a new federal regulation that could get you in some hot water if you don't know about it. It's the Corporate Transparency Act, a piece of legislation passed in 2021 that Congress is hoping will curb anonymous shell companies from laundering illicit money. The law creates a beneficial ownership database and requires companies to file ownership information to the Financial Crimes Enforcement Network (FinCEN), the anti-money-laundering agency of the federal government. The law went into effect on January 1.

I bet you didn't know about this law, although the 30-plus million small businesses in the U.S. are required to register. A survey conducted by the National Small Business Association disclosed just how unaware small businesses owners are about this new law:

- 47% of its membership had never heard of the act
- 25% had heard of it, but didn't know whether they had to report
- 16% had heard of it and knew they had to report
- 12% said they were aware of it, but thought they weren't required to report

Companies with more than 20 employees are exempt. So if you have fewer than 20 employees, you, your bank or your lawyer must file ownership information. And the race is on to inform newly established businesses (i.e., those created in 2024) of the requirements, as they have just 90 days to file. Businesses created in 2023 and earlier have up to one year to file with FinCEN.

Here's some good news, according to a recent Wall Street Journal article: FinCEN's director Andrea Gacki assures us that the first year of the act will be about driving compliance, not about strict enforcement.

Thanks for the heads up, Bill! **GP**