

ALERT

**Corporate
Transparency Act**
Most Dental Offices Must File



On January 1, 2021, Congress enacted the National Defense Authorization Act (NDAA), which included the Corporate Transparency Act (CTA) as part of the Anti-Money Laundering Act of 2020.

The CTA was passed to enhance transparency in entity structures and ownership to combat money laundering, tax fraud, and other illicit activities. It is designed to capture more information about small business ownership and to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies and other opaque ownership structures.

The Act establishes uniform “*beneficial ownership*” reporting requirements for corporations, limited liability companies, and other similar entities and – subject to effective safeguards and controls – authorizes collection of the information reported to be shared with authorized government authorities and financial institutions.

A “beneficial owner” is defined by the CTA as “*Any individual who, directly or indirectly, either (a) exercises substantial control over a reporting company, or (b) owns or controls at least 25% of the ownership interests of a reporting company.*”

According to the American Dental Association, the CTA requires most dental practices to report information about their ownership if they (a) employ fewer than twenty people and/or (b) generate less than \$5 million in gross revenue receipts annually. Practices that began business – or were registered to do business – in the U.S. before January 1, 2024 are required to file no later than January 1, 2025.

Beneficial owners of practices required to file can face civil penalty fines up to \$500 per day and/or criminal penalty fines up to \$10,000 and up to two years in jail if they do not file a report, refuse to provide information, or knowingly provide false information

For more very specific and detailed information, you can visit the Treasury Department’s Financial Crimes enforcement Network web site at: **Q&A at: www.fincen.gov/boi-faqs#C_2**