



What Dealerships Need to Know About the Corporate Transparency Act Reporting Requirements

WHAT'S NEW: Under the [Corporate Transparency Act](#) (CTA), which went into effect on January 1, 2024, many business owners are required to file corporate transparency reports with beneficial ownership information (BOI) no later than January 1, 2025.

WHY IT MATTERS: The CTA reporting mandates are designed to bolster transparency and combat financial crimes. Those who fail to meet this deadline could face up to two years imprisonment and fines up to \$10,000, in addition to civil penalties of [up to \\$591 per day](#).

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- **Who needs to file:** The CTA's reporting requirements apply to "reporting companies," which includes corporations, limited liability companies and any other entities created by the filing of a document with a secretary of state or any similar office in the U.S.
- **Filing exemptions:** There are 23 categories of entities specifically exempted from the reporting requirements, including a "large operating company" exemption. A "large operating company" is an entity that (1) employs more than 20 full-time employees in the United States, (2) has an operating presence at a physical office within the United States, and (3) has filed a federal income tax or information return in the United States for the previous year demonstrating more than \$5 million in gross receipts or sales.
- **Applicability to dealerships:** It is likely that dealerships are exempt from the rule under the "large operating company" exemption and not required to file. However, separate corporations or limited liability companies associated with a dealership (i.e., a real estate holding company) may be required to file. Dealerships should work with an attorney or accountant familiar with their business and business structure to determine if an exemption applies and whether to file.
- **What information must be reported:** A reporting company must disclose certain information about the [reporting company itself](#), its "[beneficial owners](#)" and, for reporting companies formed on or after January 1, 2024, a maximum of two "[company applicants](#)."
- **How to file:** Reporting companies must report beneficial ownership information electronically through [FinCEN's website](#).

IMPORTANT DEADLINES:

- Businesses subject to the CTA and formed or registered in the U.S. before January 1, 2024, must file its initial BOI report no later than January 1, 2025.
- Businesses subject to the CTA and formed or registered in the U.S. on or after January 1, 2024, and before January 1, 2025, must file its initial BOI report within 90 calendar days of its formation or registration becoming effective.
- An entity subject to the CTA and formed or registered to do business in the U.S. on or after January 1, 2025, must file its initial BOI report within 30 days of its formation or registration becoming effective.

GO DEEPER: To learn more about this reporting requirement:

- [FinCEN's BOI Webpage](#)
- [Frequently Asked Questions](#)
- [Small Entity Compliance Guide\(i.e., not enforceable\).](#)

If you have questions or concerns, please contact INEDA using the information below:

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