

Corporate Transparency Act

INFORMATION FOR DENTAL PRACTICES

NEW LAW EFFECTIVE 1/1/2024

Note: In National Small Business United (NSBU) v Yellen, a district court judge in the United States District Court for the Northern District of Alabama ruled in favor of the plaintiff, NSBU. The court declared the Corporate Transparency Act unconstitutional and stayed the enforcement of it against NSBU's members. The ruling applies only to those parties and is not binding on any other courts or parties.

What is the Corporate Transparency Act (CTA)?

The CTA was enacted by Congress in 2021 to combat the use of businesses as money-laundering operations. It requires certain businesses to report information to the Financial Crimes Enforcement Unit (FinCEN) about their ownership.

When does the CTA go into effect?

The CTA will take effect on January 1, 2024.

Is my dental practice affected by the CTA?

Your dental practice must file under the CTA if it meets either of the following criteria:

- The practice employs fewer than 20 people
- The practice generates less than \$5 million (gross receipts) in revenue annually

My practice meets one or both of these criteria. What do I need to do?

Beginning January 1, 2024, you can visit fincen.gov/boi to file your report. FinCEN is not accepting reports until this date.

What information will I need to report?

Existing dental practices will need to report information on both the practice itself and its 'beneficial owners'.

For the business:

- Practice's legal name
- Any trade names
- Practice's current address
- The jurisdiction (state, territory, or District of Columbia) in which the business was formed
- The business's Tax ID Number (TIN)

For the beneficial owners:

- Name
- Date of birth
- Residential address
- An ID number from one of the following forms of identification: driver's license, passport, or state ID
- A copy of the form of identification used

How long do I have to collect this information?

Existing dental practices must file this information before January 1, 2025.

Who is a 'beneficial owner'?

According to the statute, a 'beneficial owner' need not necessarily own shares or have a financial stake in the business. A beneficial owner:

- Owns or controls at least 25% of the business

OR

- Exercises substantial control over the business.

FinCEN's final rule clarifies that 'substantial control' includes senior officers of a business, as well as anyone with significant influence over important decisions (even if that person has no formal decision-making power). That also extends to any contractual or financial relationships you may have.

Because the definition in the final rule is so broad and includes anyone with significant influence over decisions, a beneficial owner for your practice may include (depending on circumstances):

- Board, committee, or advisory panel members
- Contractors or lenders with decision-making influence
- Consultants, including IT consultants
- Landlords
- Mentors

The final rule clarifies that standard legal or accounting services do not constitute beneficial ownership.

If you are uncertain whether a particular person qualifies as a beneficial owner, it may be best to include them out of an abundance of caution. The ADA recommends consulting legal counsel when making determinations on beneficial ownership.

I will be forming a new dental practice in 2024. What do I need to do?

Within 90 days of forming your new practice, go to fincen.gov/boi and file your report. New businesses must report all the same information as existing businesses. New businesses must also provide information on the person filing their report, as well as the person who directed or ordered the filing (if the two are different). The information new businesses will have to provide for their filers is the same as the information they must provide for their beneficial owners. Only new businesses need report information on their filers.

My practice is a subsidiary of a larger organization. What do I need to do?

If your practice is owned entirely by entities that are exempt from this statute (in other words, it is owned by organization(s) that have more than \$5 million in revenue annually AND employ more than 20 people) then the subsidiary is also exempt, and there is no need to file. However, if any part of the practice is owned by an entity that would be required to file a report under this statute, then the subsidiary must also file a report.

Subsidiaries should keep in mind that any beneficial owners of their parent company are also beneficial owners of the subsidiary company.

I am an employee of a dental practice. What do I need to do?

Nothing—unless you are significantly involved in making business or financial decisions for the practice. In that case, you may be asked to provide your information as a beneficial owner.

I filed, but my practice's information has changed. What should I do?

It is your responsibility to maintain an accurate report for your organization. If there is a change to any of the information you reported, you must update your report to FinCEN within 30 days.

I made a mistake on my report! What should I do?

If you notice an error on your report, you must correct the error with FinCEN within 30 days of when you initially noticed the error. Since the filing window will be open for an entire year, it may be best to take your time and ensure that all the information in your report is accurate before filing.

What happens if I don't comply with the CTA?

Failing to file a report, knowingly providing false information, or refusing to provide you information if you are a beneficial owner can all carry both civil and criminal penalties.

Civil penalties include fines of up to \$500 per day until the violation is fixed. Criminal penalties include fines of up to \$10,000 and/or imprisonment for up to two years.

For more information contact the ADA Member Service Center at (800) 621-8099 or via email at msc@ada.org or try out the [Live Chat](#) function online.