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| |  |  | | --- | --- | | |  | | --- | | **What you need to know about the Corporate Transparency Act** | | | |  | | --- | | The [**Corporate Transparency Act**](https://americanhort.lt.acemlnb.com/Prod/link-tracker?redirectUrl=aHR0cHMlM0ElMkYlMkZjZG4ueW1hd3MuY29tJTJGbWVtYmVycy5hbWVyaWNhbmhvcnQub3JnJTJGcmVzb3VyY2UlMkZyZXNtZ3IlMkZjb250ZW50JTJGYWR2b2NhY3klMkYyMDI0JTJGVGhlX0NvcnBvcmF0ZV9UcmFuc3BhcmVuY3lfQS5wZGY=&sig=6wZwA93jd5DYb3LwNwykDt7uLy7BRE5FN6SkkS37sUEc&iat=1710878476&a=%7C%7C253233009%7C%7C&account=americanhort%2Eactivehosted%2Ecom&email=nF04dJhvPDnvXVK%2BSvqaonnqFoP9JO%2Fj8lAe4w%3D%3D%3AZpZF9TpXOTqb339t6EfpPlAe%2F9PHh63X&s=d55212ff176b5c7e9dad8313d5ebc7a3&i=2132A2320A3A51924) (CTA) requires certain entities to file with the Financial Crimes Enforcement Network (FinCEN) to prevent tax fraud, money laundering, and financial terrorism. Non-compliance can lead to civil and criminal penalties.  On March 1, the U.S. District Court for the District of Alabama ruled the CTA unconstitutional in the case of National Small Business Association v. Yellen and suspended its implementation. National Small Business United (NSBU) contested the mandate for small businesses to disclose their beneficial owners to the FinCEN.  FinCEN will comply with the court's order and is not currently enforcing the CorporateTransparency Act against the plaintiffs in the action. They are not required to report beneficial ownership information to FinCEN currently.  The U.S. government appealed the District Court of Alabama’s ruling to the United States Court of Appeals for the Eleventh Circuit. The Eleventh Circuit's decision timing is uncertain, with past cases taking over nine months on average in 2023. There is also a possibility of further appeal to the U.S. Supreme Court, where overturning is less likely given the Court's composition.  Legal experts have different interpretations of the NSBU case. Some say it only applies to NSBU members who filed the case, while others believe it affects all 33 million entities involved. AmericanHort has been discussing this ruling with Hill staff and committees and will provide updates when applicable.  Contact Matt Mika, Vice President, Advocacy & Government Affairs, at [MattM@AmericanHort.org](mailto:mattm@americanhort.org) or 202-789-2900 with questions. | | |