

September 30, 2024

Coop and Condo Update

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News & Announcements

The Corporate Transparency Act (CTA) Initial Filing Deadline is Looming – What Now?

The CTA became effective this past January and allowed pre-existing entities all of 2024 to make their initial filings. Many advisors, including SSRGA, initially suggested that condominiums and even cooperatives could take a wait and see approach since there was a suggestion that they were not the real targets of the law. Unfortunately, despite efforts to seek formal exemption, no specific action has been taken. Accordingly, with the year-end now approaching, our strong recommendation is that cooperatives and condominiums that have not already done so should make sure that they have completed their initial filing by December 31.

While there is no blanket exemption for cooperatives and condominiums, some buildings may qualify for one of the many generic exemptions. The most likely one is the “large operating company” exemption. A large operating company is an entity that (1) employs more than 20 full time employees in the US, (2) has an operating presence at a physical office within the US and (3) filed a Federal income tax or information return in the US for the previous year demonstrating more than \$5,000,000 in gross receipts or sales.

If you are required to file, Beneficial Ownership Information (BOI) Reports are filed directly at <https://boiefiling.fincen.gov/>. You can also use a third party service to make your filing for you. The corporate service provider that we have dealt with for years has created a division to handle CTA filings and may be contacted at:

Capitol Corporate Services, CTA@capitolservices.com
Barbara Kaulfuss, 1-800-662-0171
www.capitolservices.com/cta/

The BOI filing requires information on the company itself and on certain persons who control or own the company. The persons covered are (1) all of the board members, (2) the senior officers and (3) persons who own 25% or more of the equity. For most buildings, no one will meet the equity test. Senior officers is somewhat open ended, but includes at least the President and Treasurer, and likely does not include the Secretary. However, for most buildings all of the officers are also board members and will need to be included regardless of their office titles.

For the company itself, the information required is (1) formal name, (2) any d/b/a names, (3) jurisdiction of formation, (4) address and (5) EIN. For the controlling persons (and equity owners, if any are required to be reported), the information required for each person is (1) name, (2) date of birth, (3) residence address and (4) a “unique identifying number,” such as a driver’s license or passport number, and the jurisdiction of issuance, and the filing must also include a copy of the instrument. Alternatively, individuals can submit this information directly at <https://fincenid.fincen.gov/landing> and obtain a unique “FinCEN identifier.” After that, they only need to provide their identifier to the reporting company rather than all the underlying information.

Finally, after making an initial filing, if there is any change to the information, you have 30 days to file an update. This would include following each annual meeting if there is a change in the elected board.

Please contact us if you have any questions or concerns. We are happy to help you meet your obligations under the CTA.

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