

# The 23 exemptions from the Corporate Transparency Act's beneficial ownership information reporting requirement



With the beneficial ownership information reporting requirement imposed by the Corporate Transparency Act effective on January 1, 2024, every “reporting company” must file a report with the Financial Crimes Enforcement Network (FinCEN).

A “reporting company” is defined as a corporation, LLC, or other entity created by the filing of a document with a Secretary of State or similar office or formed under the law of a foreign country and registered to do business by the filing of a document with a Secretary of State or similar office. (See 31 CFR 1010.380(C)(1)).

However, a corporation, LLC, or other entity is not considered a reporting company, and therefore not required to file a report if it qualifies for one of the 23 exemptions set forth in the Corporate Transparency Act and the final rule implementing the reporting requirement. (See 31 CFR 1010.380(C)(2)).

*Exempt from being considered a “reporting entity” is the following:*

## **1. Securities reporting issuer**

Any issuer of securities that is: (A) an issuer of a class of securities registered under Sec. 12 of the Securities Exchange Act of 1934, or (B) required to file supplementary and periodic information under Sec. 15(d) of the Securities Exchange Act of 1934.

## **2. Governmental authority**

Any entity that: (A) is established under the laws of the United States, an Indian tribe, a State, or a political subdivision of a State, or under an interstate compact between two or more States, and (B) exercises governmental authority on behalf of the United States or any such Indian tribe, State, or political subdivision.

## **3. Bank**

Any bank, as defined in: (A) Sec. 3 of the Federal Deposit Insurance Act, (B) Sec. 2(a) of the Investment Company Act of 1940, or (C) Sec. 202(a) of the Investment Advisers Act of 1940.

## **4. Credit union**

Any Federal credit union or State credit union, as those terms are defined in Sec. 101 of the Federal Credit Union Act.

## **5. Depository institution holding company**

Any bank holding company as defined in Sec. 2 of the Bank Holding Company Act of 1956, or any savings and loan holding company as defined in Sec. 10(a) of the Home Owners' Loan Act.

## **6. Money services business**

Any money transmitting business registered with FinCEN under 31 U.S.C. 5330, and any money services business registered with FinCEN under 31 CFR 1022.380.

## **7. Broker or dealer in securities**

Any broker or dealer, as those terms are defined in Sec. 3 of the Securities Exchange Act of 1934, that is registered under Sec. 15 of that Act.

## **8. Securities exchange or clearing agency**

Any exchange or clearing agency, as those terms are defined in Sec. 3 of the Securities Exchange Act of 1934, that is registered under Secs. 6 or 17A of that Act.

## **9. Other Exchange Act registered entity**

Any entity other than that described in exemption 1 (Securities reporting issuer), exemption 7 (Broker or dealer in securities), or exemption 8 (Securities exchange or clearing agency) that is registered with the SEC under the Securities Exchange Act of 1934.

## **10. Investment company or investment adviser**

Any entity that is: (A) an investment company as defined in Sec. 3 of the Investment Company Act of 1940, or is an investment adviser as defined in Sec. 202 of the Investment Advisers Act of 1940, and (B) registered with the SEC under the Investment Company Act of 1940 or the Investment Advisers Act of 1940.

## **11. Venture capital fund adviser**

Any investment adviser that: (A) is described in section 203(l) of the Investment Advisers Act of 1940, and (B) has filed Item 10, Schedule A, and Schedule B of Part 1A of Form ADV, or any successor thereto, with the SEC.

## **12. Insurance company**

Any insurance company as defined in Sec. 2 of the Investment Company Act of 1940.

### **13. State-licensed insurance producer**

Any entity that: (A) is an insurance producer that is authorized by a State and subject to supervision by the insurance commissioner or a similar official or agency of a State, and (B) has an operating presence at a physical office within the United States.

### **14. Commodity Exchange Act registered entity**

Any entity that: (A) is a registered entity as defined in Sec. 1a of the Commodity Exchange Act, or (B) is: (1) a futures commission merchant, introducing broker, swap dealer, major swap participant, commodity pool operator, or commodity trading advisor, each as defined in Sec. 1a of the Commodity Exchange Act, or a retail foreign exchange dealer as described in Sec. 2(c)(2)(B) of the Commodity Exchange Act and (2) registered with the Commodity Futures Trading Commission under the Commodity Exchange Act.

### **15. Accounting firm**

Any public accounting firm registered in accordance with Sec. 102 of the Sarbanes-Oxley Act of 2002.

### **16. Public utility**

Any entity that is a regulated public utility as defined in 26 USC 7701(a)(33)(A) that provides telecommunications services, electrical power, natural gas, or water and sewer services within the United States.

### **17. Financial market utility**

Any financial market utility designated by the Financial Stability Oversight Council under Sec. 804 of the Payment, Clearing, and Settlement Supervision Act of 2010.

### **18. Pooled investment vehicle**

Any pooled investment vehicle that is operated or advised by a person described in exemptions 3 (bank), 4 (credit union), 7 (broker or dealer in securities), 10 (investment company or investment adviser), or 11 (venture capital fund adviser).

### **19. Tax-exempt entity**

Any entity that is: (A) an organization that is described in Sec. 501(c) of the Internal Revenue Code of 1986 (determined without regard to Sec. 508(a) of the Code) and exempt from tax under Sec. 501(a) of the Code, except that in the case of any such organization that ceases to be described in Sec. 501(c) and exempt from tax under Sec. 501(a), such organization shall be considered to continue to be described as a tax-exempt entity for the 180-day period beginning on the date of the loss of such tax-exempt status, (B) a political organization, as defined in Sec. 527(e)(1) of the Code, that is exempt from tax under Sec. 527(a) of the Code, or (C) a trust described in paragraph (1) or (2) of Sec. 4947(a) of the Code.

## **20. Entity assisting a tax-exempt entity**

Any entity that: (A) operates exclusively to provide financial assistance to, or hold governance rights over, any entity described in exemption 19 above (tax-exempt entity), (B) is a United States person, (C) is beneficially owned or controlled exclusively by one or more United States persons that are United States citizens or lawfully admitted for permanent residence, and (D) derives at least a majority of its funding or revenue from one or more United States persons that are United States citizens or lawfully admitted for permanent residence.

## **21. Large operating company**

Any entity that: (A) employs more than 20 full time employees in the United States, with “full time employee in the United States” having the meaning provided in 26 CFR 54.4980H-1(a) and 54.4980H-3, except that the term “United States” as used in those sections of the CFR have the meaning provided in 31 CFR 1010.100(hhh), (B) has an operating presence at a physical office within the United States, and (C) filed a Federal income tax or information return in the United States for the previous year demonstrating more than \$5,000,000 in gross receipts or sales, as reported as gross receipts or sales (net of returns and allowances) on the entity's IRS Form 1120, consolidated IRS Form 1120, IRS Form 1120-S, IRS Form 1065, or other applicable IRS form, excluding gross receipts or sales from sources outside the United States, as determined under Federal income tax principles. For an entity that is part of an affiliated group of corporations within the meaning of 26 USC 1504 that filed a consolidated return, the applicable amount shall be the amount reported on the consolidated return for such group.