

Industry Insights: *Global Citizens & The Corporate Transparency Act*

THE CORPORATE TRANSPARENCY ACT (“CTA”)

On January 1, 2021, the Corporate Transparency Act (“CTA”) was passed as part of the 2021 National Defense Authorization Act. The purpose of the law is to prevent and combat the use of business entities for illegal activities such as funding terrorism, evading tax, and money laundering by requiring the disclosure of the entity’s underlying beneficial owner.

The controversial Act has been the subject of legal and legislative actions throughout 2024, but, despite the controversy, reporting requirements under the CTA began on January 1 of this year.



A “reporting company” must file a “Beneficial Ownership Information Report” (or “BOIR”) with the Financial Crimes Enforcement Network (“FinCEN”), by the following deadlines:

- **New companies** created or registered to do business after January 1, 2024 must file a BOIR within 90 days of creation or registration.
- **Existing companies** created or registered before January 1, 2024 must file by January 1, 2025.

WHY DOES THE CTA MATTER TO GLOBAL CITIZENS?

1. Global Citizens invest **hundreds of billions** of dollars in U.S. securities and **tens of billions** of dollars in U.S. real estate annually. Often these investments and other financial purchases, including U.S. issued life insurance, are made by, and/or held in U.S. entities now subject to CTA.
2. For U.S. persons and NRAs alike, shares of U.S. domestic stock and U.S. real property are **U.S. situated property for U.S. estate tax purposes**. *NOTE: Properly structured U.S. issued life insurance is NOT subject to U.S. estate tax for an NRA regardless of death benefit amount.*
3. Unlike a U.S. citizen or domiciliary, who, in 2024, currently has a \$13.61MM lifetime estate tax exemption, a noncitizen nonresident of the U.S. (“nonresident alien” or “NRA”) is only entitled to a **\$60,000 lifetime exemption**.
4. Given the de minimis exemption available to NRAs, an historical comparison of the amount of foreign investment in the U.S. stock and real estate markets to the IRS’ Statistics of Income’s reporting on **U.S. estate tax returns for NRA decedents** (Form 706-NA filings), may lead one to believe there has been considerable underreporting: potentially due to the lack of entity beneficial ownership data.
5. Under CTA, the BOIR is submitted to FinCEN, which is an agency of the U.S. Department of Treasury. Another agency of the Department of Treasury happens to be the **Internal Revenue Service** or IRS.

WE CAN HELP

If you have Global Citizen clients, CTA adds another reason to **review existing planning**. Cross-border and international life insurance planning is complicated and complicated problems require expert solutions. To learn how we can help, contact us at peter@pagconsultingllc.com or visit us at www.pagconsultingllc.com.

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