

The National Society of Dental Practitioners and the Dentist's Advantage Insurance Program for Dentists

RISK MANAGEMENT ALERT

Corporate Transparency Act requires most dental practices to begin reporting ownership information

January 17, 2024

Dental practice owners should be aware of a law that recently went into effect that may require disclosure of information regarding ownership and control of their business. The Corporate Transparency Act (CTA) took effect on January 1, 2024, and it requires certain businesses to report information about their ownership to the U.S. Department of the Treasury's Financial Crimes Enforcement Unit (FinCEN). The CTA was enacted by Congress in 2021 to combat the use of businesses as money-laundering operations.

Per the CTA, dental practices that were created or registered to do business in the U.S. before January 1, 2024 must file a "beneficial ownership information" (BOI) report to FinCEN by January 1, 2025. Practices are required to comply with reporting if they meet one or both of the following criteria:

- The practice employs fewer than 20 people full-time.
- The practice generates less than \$5 million (gross receipts) in revenue annually, as reported on the practice's prior year's federal tax filing.

Dental practices that are required to file a BOI report will need to provide information on the practice itself as well as its "beneficial owners." A "beneficial owner" is defined as someone who owns or controls at least 25% of the business OR who exercises substantial control over the business.

All existing companies, including dental practices, that meet CTA reporting requirements have until January 1, 2025 to file a BOI report to FinCEN before facing potential penalties. Failing to file a BOI 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.

Visit fincen.gov/boi to file a report, view informational videos and webinars, find answers to frequently asked questions, connect to the contact center and learn more about how to file a BOI report. FinCEN's [Small Entity Compliance Guide](#) walks small businesses through the requirements. The ADA has also created a [FAQ](#) document to help dentists with questions.

For those who have questions regarding the specifics of the CTA, including whether a particular person qualifies as a beneficial owner and requirements for ongoing compliance, it is recommended to consult with your practice's legal counsel.

References

American Dental Association (ADA). (2024). Corporate Transparency Act: Information for dental practices. Retrieved January 17, 2024, from <https://www.ada.org/~media/project/ada%20organization/ada/ada-org/files/resources/practice/practice-management/WhatistheCorporateTransparencyAct>

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