

November 16, 2023

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Majority Leader Schumer, Speaker Johnson, Minority Leader McConnell, and Minority Leader Jeffries:

The undersigned organizations, representing millions of small businesses operating in every state and community across the country, join the American Institute of Certified Public Accountants (AICPA) and strongly urge Congress to delay implementation of the beneficial ownership reporting under the Corporate Transparency Act (CTA) by one year.

The CTA requires the submission of regular reports to the federal government identifying the beneficial owners of businesses and other legal entities. The stated goal is to target shell companies used in illicit financial transactions, but the new law defines the targeted entities as those having 20 or fewer employees and under \$5 million in revenue. In other words, not just shell companies but nearly every small business in America.

The scope of the data collection is beyond anything the Federal g nyx then constantly monitor the inf

is current. The Financial Crimes Enforcement Network (FinCEN) expects to receive more than 32 million separate reports in 2024, with an additional five to six million filings each year thereafter.

Despite this unprecedented challenge, FinCEN is simply not ready. Of the three primary rules necessary to implement the new law, only one has been completed, the second is still at the “proposed” stage and needs to be finalized, while the third has yet to be released even as a proposed rule. FinCEN’s leadership has assured Congress they are ready to go starting next year but that is clearly not the case.

Meanwhile, FinCEN is woefully behind when it comes to educating stakeholders of their new obligations. A National Federation of Independent Business survey found that 90 percent of respondents were entirely unfamiliar with the reporting requirements. The CTA includes civil and criminal penalties of up to \$10,000 and two years of jail time for failing to comply, so this lack of awareness is alarming and needs to be addressed before the law is implemented.

