

H.R. 4035/S. 2623 - The Corporate Transparency Act Effective Date



EXEMPT COMMUNITY ASSOCIATIONS FROM BENEFICIAL OWNERSHIP INFORMATION (BOI) REPORTING REQUIREMENTS AND DELAY IMPLEMENTATION

The Anti-Money Laundering/Corporate Transparency Act that passed in 2021 and related Business Ownership Information (BOI) reporting requirements unintentionally apply to more than 350,000 local volunteer-driven, homeownership non-profit organizations in the United States.

Community associations, also known as homeowners associations, condominium associations, and housing cooperatives are usually organized as state non-profit corporations therefore, are swept into the Business Ownership Information (BOI) reporting requirements of the Anti-Money Laundering/Corporate Transparency Act.

The non-profit corporation has shareholders (every owner in the community). The owners pay their fair share of the non-profit corporation's expenses by paying assessments. Further, the owners select, by election, the board of directors to make decisions on their behalf. The Corporate Transparency Act exempts non-profits that hold an IRS non-profit tax determination. Community associations are incorporated as a local state non-profit corporation; however, they usually do **not** have a non-profit tax determination by the IRS (i.e., 501c).

The U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) published a statement recognizing the charitable sector that operates domestically presents a low risk for money laundering terrorism financing risk.

The Corporate Transparency Act intends to detect and report suspicious activity including predicate offenses to money laundering and terrorist finance, to facilitate tracking money that has been sourced through criminal or terrorist activity to safeguard the national security and the financial system of the U.S.

This Act was not intended to apply to volunteer-driven nonprofit corporations that are locally based with the sole purpose of providing municipal-like services to residents.

HOW TO SUPPORT

1. Exempt community associations from the Act and the subsequent Beneficial Ownership Information (BOI) reporting requirements.
2. Support **H.R. 4035/S.2623**; delay implementation of the Beneficial Ownership Information (BOI) reporting requirements.
3. Require Treasury to maintain confidentiality of the individual corporate filings of the Beneficial Ownership Information (BOI) reporting.

For more information, contact:

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