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Legal Insights – Alert

Practical Legal Solutions

Corporate Transparency Act

The new Corporate Transparency Act requires that all "reporting companies" report beneficial ownership information (BOI) to the Financial Crimes Enforcement Network (FinCEN).

What is a domestic Reporting Company?

Any entity (corporation, LLC, etc.) created by the filing of a document with the secretary of state or any similar office in the United States has to report unless an exemption applies. There are 23 types of entities that are exempt from the BOI reporting requirements. FinCEN's **Small Entity Compliance Guide** includes checklists for each of the 23 exemptions to help determine whether your company qualifies for an exemption. The most common exemptions are:

- Tax-exempt entities;
- Entities that have both: (1) more than $5 million in gross receipts; and (2) more than 20 full time employees;
- Qualified entities in specified highly – regulated businesses (e.g., securities, banking, insurance) and accounting firms.

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Federal Court Invalidates New Salary Threshold for Overtime Exemption

On November 15 , 2024, the U.S. District Court for the Eastern District of Texas delayed the effective date of the new overtime compensation rules that were previously authorized by the U.S. Department of Labor (DOL). The Court's ruling applies nationwide. The new rules significantly increased the minimum salary threshold needed to be deemed exempt from being paid overtime compensation. Employees who perform executive, professional, or administrative functions may be exempt from being paid overtime compensation. In striking down the new salary thresholds, the Court held that the DOL exceeded its authority under the federal Fair Labor Standards Act because they focused too much on salary levels and not enough on job duties and functions. The January 1, 2025 increase in the salary threshold will not go into effect and the prior July 1, 2024 increase has been invalidated.

It is unknown whether the Biden DOL will appeal this ruling. It remains to be seen whether the Trump DOL will abandon or rewrite the new overtime compensation rules. Please contact the attorneys at Nicola, Gudbranson & Cooper, LLC for further specific guidance about how this may impact you.

If you have questions concerning any of the items discussed above, please contact your attorney at Nicola, Gudbranson & Cooper, 216.621.7227.