

# THE CORPORATE TRANSPARENCY ACT'S IMPACT ON NONPROFITS: THE DANGERS OF BENEFICIAL OWNERSHIP DISCLOSURE

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The deadline to file beneficial ownership reports with the Financial Crimes Enforcement Network (FinCEN) snuck up on many unsuspecting Americans on January 1, 2025 – although that deadline was halted at press time by ongoing litigation. Both nonprofits and private companies (even homeowners associations) are nevertheless preparing to comply with an under-the-radar law known as the Corporate Transparency Act (CTA) and struggling to understand what information they are required to report.

The CTA became law in January 2021 as a rider buried within the sprawling 2020 National Defense Authorization Act.<sup>1</sup> The law demands disclosure of “beneficial owners” of various corporate entities, including limited liability companies (LLCs), in an attempt to combat money laundering and other illicit activities. Yet, while some nonprofit organizations are technically exempt from the CTA, the law’s complex and labyrinthine reporting requirements are cause for alarm for nonprofits, particularly those that receive gifts from LLCs subject to beneficial ownership reporting. This report will explain the Act, ongoing litigation challenging its reporting demands, and the destructive harms of such onerous beneficial ownership reporting schemes for both nonprofits and their supporters.

## BACKGROUND

The core function of the Corporate Transparency Act is to require reporting companies to file beneficial ownership information (BOI) reports with the Financial Crimes Enforcement Network. Reporting companies must disclose any beneficial owners who exercise substantial influence over the entity.

According to the law, a **reporting company** is defined to include a corporation, limited liability company, or other entity authorized to do business in the U.S. that is registered either domestically or in a foreign country. Trusts and general partnerships are mostly excluded from this definition. All reporting companies must provide FinCEN with a full legal name, all trade and “doing business as” names, and the street address of their principal place of business, among other details.

## EXECUTIVE SUMMARY

- *The Corporate Transparency Act requires companies to report and expose sensitive information about their beneficial owners, defined as individuals who exercise substantial control over a reporting company, for inclusion in a sweeping national database operated by the Financial Crimes Enforcement Network.*
- *The law has been subject to intense legal scrutiny with multiple ongoing lawsuits challenging the constitutionality of various portions of the law, many on First Amendment grounds.*
- *While the Act exempts many nonprofits from its reporting requirements, nonprofits that receive contributions from limited liability companies used for philanthropic purposes will have the company's owners disclosed.*
- *Though beneficial ownership information is not available to the general public, the law allows FinCEN to share beneficial ownership information with a wide range of government and non-governmental entities – without the protections typically given to such sensitive information.*

<sup>1</sup> William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (H.R. 6395), Pub. L. No. 116-283, Div. F, Tit. LXIV, §§ 6401-6403. Available at: <https://www.congress.gov/116/plaws/publ283/PLAW-116publ283.pdf>.

A **beneficial owner** is any individual who, directly or indirectly, exercises substantial control over a reporting company or owns or controls at least 25 percent of a reporting company’s ownership interests. Each beneficial owner of a reporting company must be reported.

Notably, the law’s reporting requirements do not apply to entities classified as tax-exempt under Section 501(c) of the Internal Revenue Code. In particular, the law exempts “any organization that is described in section 501(c) of the Internal Revenue Code... and exempt from tax under section 501(a) of such Code” from the definition of a reporting company. In effect, 501(c) nonprofits are not required to file BOI reports as long as they maintain their tax-exempt status.

For each beneficial owner, the reporting company must supply a legal name, date of birth, and physical residential address (*i.e.*, it cannot be a P.O. Box). Beyond this information, the company must provide, for each beneficial owner, a unique FinCEN identifying number and image from one of four “acceptable identification documents,” defined to include either a non-expired U.S. passport; a non-expired state, local, or tribal identification document; a non-expired state-issued driver’s license; or, if none of those items are available, a non-expired foreign passport. In so doing, the government gathers not only information that may be found on a corporate website, but the sensitive identification documents of any beneficial owner.

In late 2023, FinCEN finalized rules enforcing the law’s reporting requirements. The final rule created a standardized beneficial ownership information report for reporting companies to file with the agency and established a database that will store all BOI reports.<sup>2</sup>

In recognition of the complexity, an early draft of the proposed rules offered a welcome exemption from BOI reporting requirements if the data is too costly or burdensome to obtain. Regrettably, a bipartisan cohort of elected officials objected to this “escape hatch,” arguing that it violates the intent of Congress in passing the Corporate Transparency Act.<sup>3</sup> The final rule disposed of the “escape hatch” provision.

## LITIGATION

*Due to ongoing litigation, new developments may occur after the publication of this report that impact some of the following information.*

The Corporate Transparency Act has been subject to intense legal scrutiny with multiple ongoing lawsuits challenging the constitutionality of various portions of the law. In late January 2025, the U.S. Supreme Court lifted a nationwide injunction placed by the Fifth Circuit Court of Appeals prohibiting FinCEN from enforcing the law.<sup>4</sup> However, a separate nationwide injunction in a case out of the Eastern District of Texas that the government declined to appeal remains in place, effectively blocking

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<sup>2</sup> Financial Crimes Enforcement Network, Final Rule: Beneficial Ownership Information Access and Safeguards, 88 Fed. Reg. 88732 (Dec. 22, 2023). Available at: <https://www.govinfo.gov/content/pkg/FR-2023-12-22/pdf/2023-27973.pdf>.

<sup>3</sup> Rep. Patrick T. McHenry and Sen. Sheldon Whitehouse, et al., “Department of the Treasury’s Notice of Proposed Rulemaking Titled ‘Agency Information Collection Activities; Proposed Collection; Comment Request; Beneficial Ownership Information Reports,’ Docket Number FINCEN-2023-0002, OMB control number 1506-0076, 88 FR 2760, 2023-00703 (January 17, 2023),” Congress of the United States. Available at: [https://democrats-financialservices.house.gov/uploadedfiles/2023-04-03-boi\\_ltr.pdf](https://democrats-financialservices.house.gov/uploadedfiles/2023-04-03-boi_ltr.pdf) (April 3, 2023) at 1.

<sup>4</sup> *McHenry v. Texas Top Cop Shop, Inc.*, 604 U.S. \_\_\_ (2025), (U.S. No. 24A653). Available at: [https://www.supremecourt.gov/opinions/24pdf/24a653\\_c07d.pdf](https://www.supremecourt.gov/opinions/24pdf/24a653_c07d.pdf) (staying effect of injunction pending resolution of appeal before the Fifth Circuit); *see also Texas Top Cop Shop, Inc. v. Garland*, No. 24-40792 (5th Cir. 2024). Available at: <https://www.ca5.uscourts.gov/opinions/unpub/24/24-40792..pdf>.

implementation and enforcement of the CTA nationwide, at least until the Texas litigation is resolved.<sup>5</sup> Of the multiple lawsuits challenging the law, at least three allege that the law infringes on the First Amendment right to privacy in association that was affirmed in the 2021 U.S. Supreme Court case, *Americans for Prosperity Foundation (AFPF) v. Bonta*.<sup>6</sup>

The nationwide injunction lifted by the U.S. Supreme Court was issued in *Texas Top Cop Shop, Inc., et al. v. Garland*, whose diverse group of plaintiffs include an individual, three private businesses, a trade association, and the Libertarian Party of Mississippi (MSLP).<sup>7</sup> The MSLP is not currently registered as a political organization under Section 527 of the Internal Revenue Code and is, therefore, qualified as a reporting company under the CTA.<sup>8</sup> In the lawsuit, the plaintiffs cite *Citizens United v. FEC* to argue that the U.S. Supreme Court makes no distinction between political speech expressed by corporations or other associations.<sup>9</sup> Implicit in that protected speech is the right to associate anonymously, as affirmed in *AFPF*. The CTA's disclosure requirements arguably violate both precedents as well as a long history of protections developed during the Civil Rights Era. The Fifth Circuit has agreed to hear an expedited appeal, and it is possible this case again reaches the U.S. Supreme Court.

In the first lawsuit against the CTA, a federal judge in Alabama granted an as applied preliminary injunction to a trade association challenging the law's reporting requirements.<sup>10</sup> The National Small Business Association, an Ohio-based trade association representing over 65,000 small businesses in all 50 states, claims that the CTA violates their First Amendment right to free speech and association, citing *AFPF*. Their complaint reads, in part:

*Some U.S. persons form or seek to form entities under State law, without seeking 501(c) federal tax-exempt status, for social or other non-commercial reasons, such as to organize a private social club or to hold a family vacation property. Many of these entities and the U.S. persons who would have to be registered under the CTA have a heightened reason to desire privacy. The CTA compels such entities and individuals to publicly reveal their associations to the federal government, which may in turn transmit that information upon request to: (i) federal and State law enforcement agencies, courts, and prosecutors; (ii) foreign governments and law enforcement authorities; (iii) financial institutions; and (iv) various federal regulators and regulatory agencies. This forced disclosure will also deter such persons from exercising their rights of free speech and association and dissuade others from joining or assuming leadership positions in the entities (and thus arguably becoming "beneficial owners").*<sup>11</sup>

Notably, the judge did not rule on the First Amendment claim in his ruling.<sup>12</sup> Rather, he based his opinion on the plaintiffs' Commerce Clause claim, finding the law exceeds Congress's power to regulate interstate

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<sup>5</sup> Mengqi Sun, "Corporate Transparency Act Still Blocked Despite Supreme Court Decision," *The Wall Street Journal*. Available at: <https://www.wsj.com/articles/corporate-transparency-act-still-blocked-despite-supreme-court-decision-5427b7ac> (Jan. 23, 2025).

<sup>6</sup> *Americans for Prosperity Foundation v. Bonta*, 594 U.S. 595 (2021). Available at: [https://www.supremecourt.gov/opinions/20pdf/19-251\\_p86b.pdf](https://www.supremecourt.gov/opinions/20pdf/19-251_p86b.pdf).

<sup>7</sup> *Texas Top Cop Shop, Inc. v. Garland et al.*, No. 4:24-cv-00478 (E.D. Tex. 2024). Available at: <https://www.cir-usa.org/wp-content/uploads/2024/05/Texas-Top-Cop-Shop-v-Garland-Complaint.pdf>.

<sup>8</sup> *Id.* ¶ 104.

<sup>9</sup> *Citizens United v. FEC*, 558 U.S. 310 (2010). Available at: [https://www.fec.gov/resources/legal-resources/litigation/cu\\_sc08\\_opinion.pdf](https://www.fec.gov/resources/legal-resources/litigation/cu_sc08_opinion.pdf).

<sup>10</sup> Kate Kelly, "Judge's Ruling Sets Back Law Meant to Fight Money Laundering," *The New York Times*. Available at: <https://www.nytimes.com/2024/03/03/us/politics/judge-ruling-corporate-transparency-act.html> (March 3, 2024).

<sup>11</sup> *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala. 2022) at ¶ 59. Available at: [https://storage.courtlistener.com/recap/gov.uscourts.alnd.183445/gov.uscourts.alnd.183445.1.0\\_1.pdf](https://storage.courtlistener.com/recap/gov.uscourts.alnd.183445/gov.uscourts.alnd.183445.1.0_1.pdf).

<sup>12</sup> *Id.* (N.D. Ala. March 1, 2024). Available at: <https://cases.justia.com/federal/district-courts/alabama/alndce/5:2022cv01448/183445/51/0.pdf>.

commerce. The case was fast-tracked to the U.S. Court of Appeals for the Eleventh Circuit where the panel of judges hearing the case similarly did not mention the plaintiff's First Amendment claims.<sup>13</sup>

In *Firestone v. Yellen*, however, the court upheld the constitutionality of the Corporate Transparency Act, rejecting the plaintiff's First Amendment claims.<sup>14</sup> Like *National Small Business United* and *Texas Top Cop Shop, Inc.*, the plaintiff, Michael Firestone, alleged that the CTA's disclosure mandates infringe on the First Amendment right to freely associate, affirmed in *AFPP v. Bonta* and *NAACP v. Alabama*.<sup>15</sup> The presiding court, the U.S. District Court for the District of Oregon, determined that the CTA does not have a chilling effect because there is no evidence that the BOI reports will discourage business formation. Additionally, the court found no evidence that the plaintiff, nor any theoretical reporting companies subject to the law, will suffer an injury sufficient for the case to proceed.

The Community Associations Institute similarly challenged the law's constitutionality, alleging that the CTA burdens the organization's freedom to associate. Like *Firestone*, however, the U.S. District Court for the Eastern District of Virginia similarly rejected the argument, dismissing the claim as "speculative."<sup>16</sup>

## IMPACTS ON NONPROFITS

While 501(c) organizations, private foundations, churches, and charitable trusts are exempt from the CTA's reporting requirements, an early draft of the legislation would have required many nonprofits to disclose their beneficial owners. Thankfully, the provision was removed due to a successful bipartisan advocacy campaign led by the ACLU, Due Process Institute, and FreedomWorks who expressed concerns about the law's impact on civil liberties.<sup>17</sup> While the campaign successfully secured a crucial exemption for many nonprofits, eligible LLCs used as philanthropic vehicles will have their donors disclosed, consequently exposing nonprofit donors to federal agencies who should – and would – otherwise remain private.

Philanthropists have increasingly used limited liability companies as a vehicle to make donations to nonprofits.<sup>18</sup> LLCs are a popular vehicle for charitable giving because they offer donors increased privacy and more control over their contributions, among other benefits. However, due to the CTA's reporting mechanisms, an LLC created for grantmaking purposes must still report the company's beneficial owner to FinCEN, functioning as *de facto* nonprofit donor disclosure.

While BOI reports are not disclosed to the general public, the CTA expressly permits certain government agencies to access the reports. According to the law, five types of requesters may access BOI reports: domestic agencies; foreign requesters; financial institutions; certain regulatory agencies; and the Department of Treasury.

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<sup>13</sup> "Eleventh Circuit Scrutinizes Claims that the CTA is Unconstitutional," Honigman. Available at: <https://www.honigman.com/alert-2701> (Sept. 30, 2024). The case is on appeal as *National Small Business United v. U.S. Dept. of the Treasury*, 11th Cir. No. 24-10736. Oral arguments were held on September 27, 2024, but no decision has been published at press time.

<sup>14</sup> *Firestone v. Yellen*, No. 3:24-cv-1034-SI (D. Or. Sept. 20, 2024). Available at: [https://www.govinfo.gov/content/pkg/USCOURTS-ord-3\\_24-cv-01034/pdf/USCOURTS-ord-3\\_24-cv-01034-0.pdf](https://www.govinfo.gov/content/pkg/USCOURTS-ord-3_24-cv-01034/pdf/USCOURTS-ord-3_24-cv-01034-0.pdf).

<sup>15</sup> *NAACP v. Alabama*, 357 U.S. 449 (1958).

<sup>16</sup> *Community Associations Institute v. Yellen*, No. 1:24-cv-1597-MSN-LRV (E.D. Va. Oct. 24, 2024). Available at: <https://colbertlaw.us/wp-content/uploads/2024/10/CAI-Court-Decision-Denying-Injunction-Request.pdf>.

<sup>17</sup> American Civil Liberties Union, et al., "Vote 'NO' On Proposed Amendment 499 to H.R. 6395." Available at: <https://img1.wsimg.com/blobby/go/e92afdcc-9a38-4bb1-a4e7-44c54975c6b9/downloads/2020-07-20%20Corporate%20Transparency%20Act%20NDAA%20Let.pdf?ver=1595257396881> (July 20, 2020).

<sup>18</sup> "Should you choose a philanthropic LLC for your charity?" Philanthropy Roundtable. Available at: <https://www.philanthropyroundtable.org/resource/should-you-choose-a-philanthropic-llc-for-your-charity/> (Dec. 23, 2021).

Here's an example of why this access is dangerous. Tax law has long protected nonprofit donor lists and other tax information from examination by federal and state law enforcement, unless there is an active investigation against a *particular* nonprofit.<sup>19</sup> Congress added the requirement that certain tax-exempt nonprofits submit their list of major contributors via IRS Form 990, Schedule B as a method of protecting that same donor information against IRS disclosure under other statutes.<sup>20</sup> Indeed, federal law prescribes particular requirements if an enforcement official wants to access confidential information from nonprofits.<sup>21</sup>

By contrast, the CTA was designed with the opposite intention. Rather than seeking to limit access to the sensitive information included on these forms, the CTA aims to be a clearinghouse. The law is specifically designed to allow FinCEN to send information to a wide range of domestic and foreign government and non-governmental entities – without the protections typically given to such sensitive financial information.

For nonprofits, domestic agencies are arguably the authorized entity most capable of impacting nonprofit donors. The “domestic agency” category includes federal, state, local, and tribal agencies engaged in national security, intelligence, or law enforcement activities. Most concerning, “law enforcement” activities include agencies tasked with initiating both criminal *and* civil investigations and agencies with the power to impose civil penalties, civil forfeiture, and civil enforcement through administrative proceedings. In essence, a broad swath of state and federal agencies can access sensitive information about nonprofit donors who give through LLCs.

Nothing in the Corporate Transparency Act requires BOI reports to be publicly disclosed. Nonetheless, the dragnet collection of sensitive personal information is itself a threat to personal privacy. In *Americans for Prosperity Foundation v. Bonta*, the U.S. Supreme Court wrote of California's dragnet collection of Schedule B forms that, “... [ease of administration], however, cannot justify the disclosure requirement. The Attorney General may well prefer to have every charity's information close at hand, just in case. But ‘the prime objective of the First Amendment is not efficiency.’”<sup>22</sup>

Worse still, government agencies have a poor track record of protecting personal information. IRS employees and agency contractors have leaked confidential tax forms on numerous occasions,<sup>23</sup> as have state attorney general offices throughout the country.<sup>24</sup> A centralized federal database of sensitive personal information accessible by agencies at every level of government untethered to the law's intent creates a situation ripe for abuse that will negatively impact the privacy of donors who use LLCs to donate to nonprofits.

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<sup>19</sup> See 26 U.S.C. § 6103 (Confidentiality and disclosure of returns and return information).

<sup>20</sup> *Landmark Legal Foundation v. IRS*, 267 F.3d 1132 (D.C. Cir. 2001).

<sup>21</sup> 26 U.S.C. § 6104 (Publicity of information required from certain exempt organizations and certain trusts).

<sup>22</sup> *Americans for Prosperity Foundation*, 594 U.S. at 614–15 (quoting *McCullen v. Coakley*, 573 U.S. 464, 495 (2014)).

<sup>23</sup> See, e.g., Paul Abowd, “IRS ‘outs’ handful of donors to Republican group,” The Center for Public Integrity. Available at: <https://publicintegrity.org/politics/irs-outs-handful-of-donors-to-republican-group/> (April 4, 2013); Mackenzie Weinger, “IRS pays \$50K in confidentiality suit,” *Politico*. Available at: <https://www.politico.com/story/2014/06/irs-nom-lawsuit-108266> (June 24, 2014); and Devlin Barrett, “IRS analyst pleads guilty to leaking Michael Cohen's financial records,” *The Washington Post*. Available at: [https://www.washingtonpost.com/national-security/irs-analyst-pleads-guilty-to-leaking-michael-cohens-financial-records/2019/08/14/17e25d0c-bed4-11e9-a5c6-1e74f7ec4a93\\_story.html](https://www.washingtonpost.com/national-security/irs-analyst-pleads-guilty-to-leaking-michael-cohens-financial-records/2019/08/14/17e25d0c-bed4-11e9-a5c6-1e74f7ec4a93_story.html) (Aug. 14, 2019).

<sup>24</sup> See, e.g., Lachlan Markay, “Lawsuit: Regulators Revealed Donor Names of Thousands of Nonprofits,” *The Washington Free Beacon*. Available at: <https://freebeacon.com/issues/lawsuit-regulators-revealed-donor-names-of-thousands-of-nonprofits/> (Nov. 12, 2015); The Editorial Board, “All About Nikki Haley's Donors,” *The Wall Street Journal*. Available at: <https://www.wsj.com/articles/all-about-nikki-haleys-donors-new-york-attorney-general-letitia-james-stand-for-america-11662065044> (Sept. 4, 2022); and “Empire Center Sues New York Attorney General Letitia James Over Ongoing First Amendment Violations,” Empire Center for Public Policy. Available at: <https://www.empirecenter.org/publications/empire-center-sues-new-york-attorney-general-letitia-james-over-ongoing-first-amendment-violations/> (May 16, 2023).

Additionally, this database is vulnerable to becoming a prime target of hackers, both domestic and foreign. The IRS, for example, already struggles to keep tax returns secure,<sup>25</sup> resulting in leaks used to further political attacks unrelated to any actual wrongdoing under the law.<sup>26</sup>

The CTA's preemptive collection of sensitive personal information is also a departure from recent trends directing data away from the Treasury Department. In 2020, the IRS finalized a rule exempting most nonprofit organizations from filing a Schedule B with their annual Form 990 reports.<sup>27</sup> The Schedule B lists a nonprofit's significant donors but has become the subject of controversy due to various high-profile leaks of the information. In proposing the rule, the IRS conceded that the agency did not need the Schedule B for its ordinary regulatory activities, so the agency issued rules exempting most nonprofits, including 501(c)(4) advocacy nonprofits and 501(c)(6) trade associations, from submitting the document.<sup>28</sup> In contrast to the IRS's cautious treatment of Schedule Bs, the Corporate Transparency Act shifts FinCEN towards enhanced disclosure for beneficial owners of LLCs.

During Congressional debate on the legislation, Sen. Sheldon Whitehouse (D-R.I.) said the quiet part out loud, admitting that the Corporate Transparency Act was needed as a tool to identify political opponents. Sen. Whitehouse insisted – without evidence – that shell companies were being used by foreigners to engage in domestic political activities and that the CTA was needed for proof, alleging: “We actually already see shell companies used to hide the identities behind big political spending. This is not a potential. This is happening now. We just don't know whether foreign influence is behind it.”<sup>29</sup>

Of course, Sen. Whitehouse's position defies logic for a multitude of reasons. For one, it's intellectually dishonest to smear private political giving, especially without evidence, as a tool of foreign actors and perverts our constitutional guarantee of innocence until proven guilty. Additionally, foreign spending in American politics was already prohibited prior to the CTA's passage through various laws and regulations.<sup>30</sup> If the government suspects a bad actor is circumventing federal law via an LLC, it has plenty of tools at its disposal to bring appropriate charges.

Ultimately, while the impacts on nonprofits are more limited than Sen. Whitehouse desired, his asserted intent for the Corporate Transparency Act affirms that the law will remain a looming threat to nonprofits as the regulatory framework to enforce the law evolves.

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<sup>25</sup> Vijay A. D'Souza, “Information Technology: IRS Needs to Address Operational Challenges and Opportunities to Improve Management,” U.S. Government Accountability Office. Available at: <https://www.gao.gov/assets/gao-21-178t.pdf> (Oct. 7, 2020); Demian Brady, “Your Tax Data at Risk: Why the IRS Must Prioritize Cybersecurity,” National Taxpayers Union Foundation. Available at: <https://www.ntu.org/foundation/detail/your-tax-data-at-risk-why-the-irs-must-prioritize-cybersecurity> (April 18, 2023).

<sup>26</sup> See, e.g., Andrew Wilford and Andrew Moylan, “Issue Brief: What's the Fallout from the ProPublica Leak?” National Taxpayers Union Foundation. Available at: <https://www.ntu.org/library/doclib/2021/07/What-s-the-Fallout-From-the-ProPublica-Leak-3.pdf> (July 27, 2021). See also, Luke Wachob, “Expect More IRS Mischief After DOJ Goes Soft on Trump Tax Return Leaker,” People United for Privacy. Available at: <https://unitedforprivacy.com/expect-more-irs-mischief-after-doj-goes-soft-on-trump-tax-return-leaker/> (Jan. 30, 2024).

<sup>27</sup> IFS Staff, “IRS Privacy Reform a Long-Sought Victory for Free Speech,” Institute for Free Speech. Available at: <https://www.ifs.org/news/irs-privacy-reform/> (May 26, 2020).

<sup>28</sup> Internal Revenue Service, Notice of Proposed Rulemaking: Guidance Under Section 6033 Regarding the Reporting Requirements of Exempt Organizations, 84 Fed. Reg. 47447 (Sept. 10, 2019) at 47451. Available at: <https://www.govinfo.gov/content/pkg/FR-2019-09-10/pdf/2019-19501.pdf>.

<sup>29</sup> 163 Cong. Rec. S3469 (June 14, 2017). Available at: <https://www.govinfo.gov/content/pkg/CREC-2017-06-14/pdf/CREC-2017-06-14.pdf>.

<sup>30</sup> Matt Nese and Eric Wang, “Request for Information on Political Activities of Section 501(c) Organizations,” People United for Privacy. Available at: [https://unitedforprivacy.com/wp-content/uploads/2023/09/2023-09-04\\_Comments\\_PUFP\\_Response-To-House-WM-Nonprofit-Political-Activity-RFI.pdf](https://unitedforprivacy.com/wp-content/uploads/2023/09/2023-09-04_Comments_PUFP_Response-To-House-WM-Nonprofit-Political-Activity-RFI.pdf) (Sept. 4, 2023).

## CONCLUSION

While there have been positive gains recently in protecting the privacy of nonprofit donors at the IRS and in the states,<sup>31</sup> the CTA acts as an end-around that will hand government officials intrusive access to sensitive personal information about the owners of LLCs formed for charitable purposes. As litigation challenging the CTA's reporting mandates continues, LLCs eligible for reporting under the Act – and nonprofit recipients of LLC giving – must be on guard for new intrusions into previously sacrosanct privacy guarantees.

## ABOUT THE AUTHORS

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<sup>31</sup> PUPF Staff, "20 States Pass Bipartisan Privacy Law to Protect Americans From Doxing and Harassment," People United for Privacy. Available at: <https://unitedforprivacy.com/20-states-pass-bipartisan-privacy-law-to-protect-americans-from-doxing-and-harassment/> (May 29, 2024).