



Beneficial Ownership Information Reporting

What you need to know

Beneficial Ownership Information (BOI) is an anti-money laundering initiative enacted through the Corporate Transparency Act (CTA) in 2021, which mandates that BOI information is reported to the Financial Crimes Enforcement Network (FinCEN). By collecting beneficial ownership information and sharing it with law enforcement, financial institutions, and other authorized users, FinCEN is making it harder for people to hide or benefit from ill-gotten gains.

It's estimated that there will be 32.6 million filings in 2024, and 5-6 million filings each year thereafter, with the potential for steep penalties for the taxpayer.

Who is required to report?

Companies referred to as “reporting companies” will be required to report their beneficial ownership information to FinCEN. There are two types of reporting companies — domestic reporting companies and foreign reporting companies.

A domestic reporting company is defined as:

- a corporation,
- a limited liability company, OR
- any other entity created by the filing of a document with a secretary of state or any similar office under the law of a state or Indian tribe.

A foreign reporting company is any entity that is:

- a corporation, limited liability company, or other entity formed under the law of a foreign country, AND
- registered to do business in any U.S. state or in any Tribal jurisdiction, by the filing of a document with a secretary of state or any similar office under the law of a U.S. state or Indian tribe.

For more information, visit www.fincen.gov/boi-faqs

When do companies need to file?

- New entities (created/registered after Dec. 31, 2023) need to file within 30 days.
- Existing entities (created before Jan. 1, 2024) need to file by Jan. 1, 2025.
- Reporting companies that have changes to previously reporting information or discover inaccuracies in previously filed reports need to file within 30 days.

What information do companies need to report?

- Full legal name of the reporting company or any trade or DBA names.
- Business address.
- State or Tribal jurisdiction of formation or registration.
- IRS TIN.
- information about its beneficial owners, and for newly created companies, it's company applicant(s), including: name, birthdate, address and unique identifying number and issuing jurisdiction from an acceptable identification document.

Who is a beneficial owner?

Any individual who directly or indirectly, either:

- Exercises substantial control over a reporting company, or
- Owns or controls at least 25% of the ownership interests of a reporting company.

Are there any exemptions?

The Corporate Transparency Act exempts 23 types of entities. Many of these exempt entities are already regulated by federal and/or state government and already disclose their beneficial ownership information to a governmental authority.

Example exemptions: *Find full list of exemptions at* www.fincen.gov/boi-faqs

- Large operating entities that meet the following criteria:
 - Employ more than 20 people in the U.S.
 - Had gross revenue or sales over \$5 million on the prior year's tax return.
 - Has a physical office in the U.S.
- Publicly traded companies that have registered under Section 102 of SOX.

Are there penalties for noncompliance?

- Civil penalties are up to \$500 per day that a violation continues.
- Criminal penalties include a \$10,000 fine and/or up to two years of imprisonment.