

## **New Federal Reporting Requirement for Beneficial Ownership Information**

In 2021, Congress enacted the Corporate Transparency Act. This law creates a beneficial ownership information (BOI) reporting requirement as part of the US government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other opaque ownership structures.

Beginning on January 1, 2024, many companies in the United States will have to report information about their beneficial owners. Beneficial Owners are the individuals who ultimately own or control the company. They will have to report the information to the Financial Crimes Enforcement Network (FinCEN). FinCEN is a bureau of the U.S. Department of the Treasury.

### **Who is a Beneficial Owner?**

Any person who owns 25% or more of a reporting company, or a person who directly or indirectly exercises substantial control over the reporting company.

### **Who will have to report?**

Companies required to report are called reporting companies. Reporting companies may have to obtain information from their beneficial owners and report that information to FinCEN.

- Your company may be a reporting company and need to report information about its beneficial owners if your company is:
  1. A corporation, a limited liability company (LLC), or was otherwise created in the United States by filing a document with a secretary of state or any similar office under the law of a state or Indian tribe, or
  2. A foreign company and was registered to do business in any U.S. state or Indian tribe by such a filing.

### **Who will not have to report?**

Twenty-three types of entities are exempt from the beneficial ownership information reporting requirements. These entities include publicly traded companies, nonprofits, and certain large operating companies.

FinCEN's Small Entity Compliance Guide includes check lists for each of the 23 exemptions that may help determine whether your company qualifies for an exemption. Please review Chapter 1.2 of the Guide for more information.

### **How do I report?**

Reporting companies will have to report beneficial ownership information electronically through FinCEN's website: [www.fincen.gov/boi](http://www.fincen.gov/boi)

- The system will provide the filer with a confirmation of receipt once a completed report is filed with FinCEN.

### **When do I report?**

Reports will be accepted by FinCEN starting January 1, 2024.

- Existing Businesses created or registered prior to 1/1/24, will have until 1/1/25 to report BOI.
- New Businesses created or registered 1/1/24 – 12/31/24, will have 90 days to report BOI.
- New Businesses created or registered 1/1/25 or after, will have 30 days to report BOI.
- Any updates or corrections to beneficial ownership information that you previously filed with FinCEN must be submitted within 30 days.

### **Are there penalties for violating BOI reporting requirements?**

Yes. As specified in the Corporate Transparency Act, willful failure to submit this filing, or the willful submission of incorrect or fraudulent information, could subject a company and its senior officers to potential civil and criminal liability, including significant fines and/or up to two years' imprisonment.

### **When do I update BOI?**

Reporting Beneficial Ownership to FinCEN is not an annual process. You will only need to submit an updated beneficial ownership information report for your entity if any information has changed. If no information has changed since your last reporting, no refile is necessary.

### **Where can I learn more?**

You can find the Small Entity Guide, FAQs, videos, the e-filing system and additional information by visiting [www.fincen.gov/boi](http://www.fincen.gov/boi).

