



Beneficial Ownership Information

This is a reminder for you of a new federal reporting requirement that may affect your business starting in 2024.

Under the Corporate Transparency Act, certain companies doing business in the U.S. must provide specified information regarding their beneficial owners to the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN). This is part of the federal government's anti-money laundering and anti-tax evasion efforts and is designed to prevent the misuse of shell companies and will help build a national database accessible to law enforcement and national security agencies.

Who Must File.

Both domestic and foreign reporting companies are required to file reports. A company is considered a reporting company if a document was filed with a state's Secretary of State (SOS) or similar office to create or register the entity. This includes most corporations (including S corporations), limited partnerships and LLCs. However, sole proprietorships, general partnerships, and trusts typically do not need to file, as they don't require formal SOS registration.

Certain companies are exempt, especially those that already report ownership information to a government agency. One key exemption applies to large operating companies. A large operating company is any entity with (a) more than 20 full-time U.S. employees, (b) an operating presence at a physical location within the U.S., and (c) more than \$5,000,000 in U.S.-sourced revenue (as shown on the prior year's federal income tax return). If your company meets these criteria, you are not subject to the new beneficial ownership reporting requirements.

What Information Must Be Provided.

Beneficial ownership information (BOI) must be reported for both beneficial owners and, if the entity is formed or registered after 2023, "company applicants" (the individual who files the formation paperwork). The BOI report includes an individual's full legal name; date of birth; residential address; and a unique ID number from a valid U.S. passport, state driver's license, or government-issued ID.

A copy of the ID document must also be submitted to FinCEN. Foreign companies can use a non-U.S. passport if needed.

Who Is a Beneficial Owner.

A "beneficial owner" includes individuals who own or control at least 25% of the company; as well as individuals with substantial control over the company (e.g., senior officers such as CEOs or CFOs, or individuals with authority over key decisions).

These individuals may not need to hold ownership in the company to qualify as a beneficial owner.

Company Applicants.

For companies formed after 2023, the “company applicant”—the individual who submits the formation documents—must also provide BOI. For companies formed before 2024, there is no requirement to report on company applicants.

FinCEN Identifier Option.

Individuals and companies can apply for a unique FinCEN Identifier (FinCEN ID), allowing them to report this ID in place of personal information. This can be a useful option for individuals who need to report across multiple entities or who prefer submitting their information directly to FinCEN.

Important Filing Dates.

Existing companies (formed before 2024): File by January 1, 2025.

New companies (formed in 2024): File within 90 days of formation.

Companies formed after 2024: File within 30 days of formation.

Any updates to previously reported information must be filed within 30 days of a change. Penalties for failing to file on time can be significant—up to \$591 per day of delay (2024), with no maximum; additional criminal penalties up to \$10,000 and possible imprisonment for willful noncompliance.

How to File

BOI reports must be filed electronically via FinCEN’s e-filing portal (<https://boiefiling.fincen.gov/>). The FinCEN portal provides two methods to submit a BOI report: (1) by completing a web-based version of this form and submitting it online, or (2) by uploading a completed PDF version of the BOI report. Some third-party providers may also offer the ability to file the BOI report through their software. The person who submits the BOI report will need to provide their name and email address to FinCEN. There is no fee to submit the BOI report, though the person filing must provide their name and email.

If you have any questions about these requirements or need guidance, we’re here to help. FinCEN also offers resources, including a Small Entity Compliance Guide and FAQs, to assist businesses in understanding the new requirements (<https://www.fincen.gov/boi/small-business-resources>).

We look forward to assisting you with any questions or filing needs.