

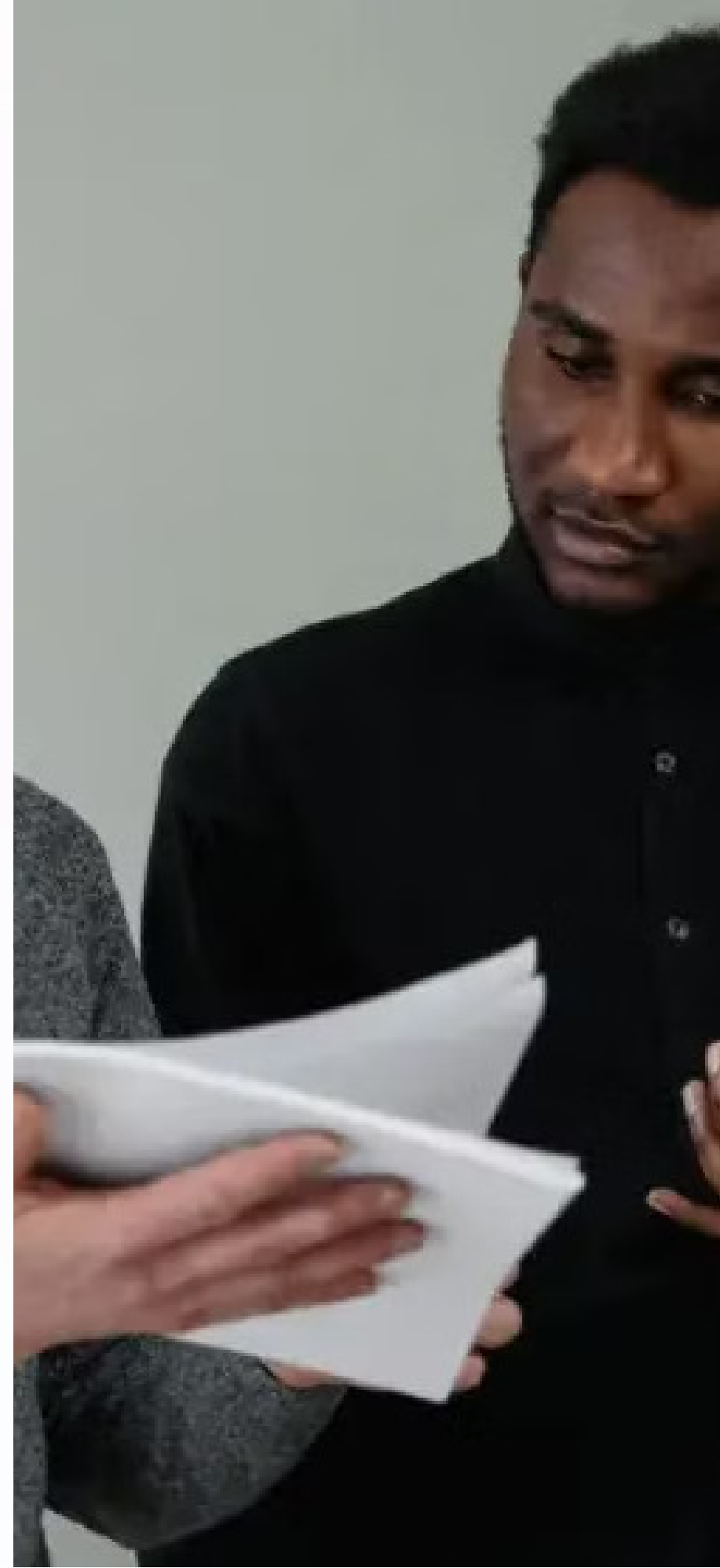
Beneficial Ownership Information Reporting: What You Need to Know

The Department of Treasury's Financial Crimes Enforcement Network (FinCEN) has implemented new beneficial ownership reporting requirements to combat financial crimes. This new regulation aims to increase transparency and prevent the misuse of corporate structures for illicit activities.

The new beneficial ownership information (BOI) reporting requirements impact most U.S. companies, including limited liability companies (LLCs), corporations, and S corporations. Small business owners need to understand the details of this regulation and how it applies to their operations.

This guide provides a comprehensive overview of the BOI reporting requirements. It covers everything small business owners need to know, from the key changes in 2025 to the step-by-step process for filing a BOI report. The guide also addresses compliance and ongoing reporting obligations, as well as special rules for different entity types.

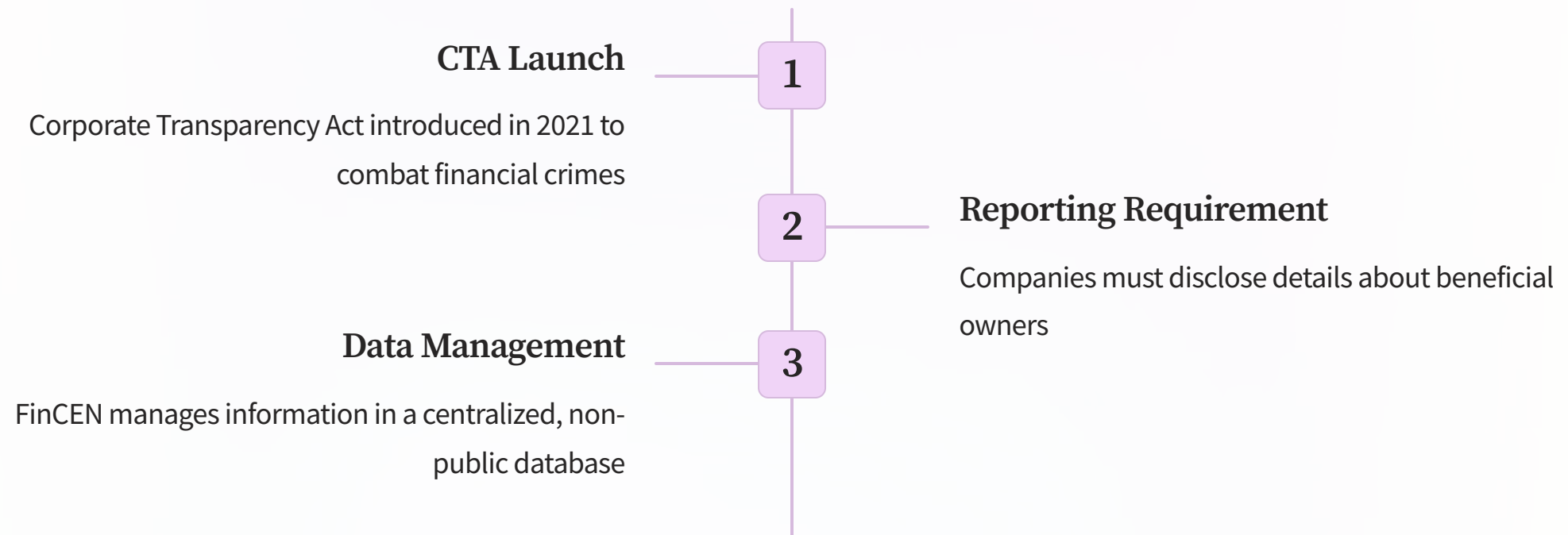
By understanding and complying with the BOI reporting requirements, small business owners can help combat financial crimes and maintain the integrity of the U.S. financial system.



Overview of BOI Reporting Requirements

The Corporate Transparency Act (CTA) requires most small businesses to provide details about themselves, their beneficial owners, and company applicants through the Beneficial Ownership Information Report (BOIR). FinCEN manages this data in a centralized, non-public database accessible to law enforcement, national security agencies, and financial institutions. The CTA aims to curb illicit financial transactions that impact national security and economic stability.

A beneficial owner is defined as a person with 25% or more ownership interest or control, or who exercises substantial control over the company's finances, structure, and operations. Ownership interests can be established through stock, equity shares, or voting rights.



Key Changes in BOI Reporting for 2025

New reporting deadlines apply. Companies formed on or after Jan. 1, 2024, have 90 days to file their initial BOI report, while those formed after Jan. 1, 2025, have 30 days. Existing companies must submit their reports by Jan. 1, 2025.

You must also update filings within 30 days of any changes to beneficial owner information. Non-compliance results in daily penalties of \$591.

New Companies (2024)

90-day filing deadline

New Companies (2025+)

30-day filing deadline

Existing Companies

File by Jan. 1, 2025

Updates

30-day reporting deadline

Who Needs to File a BOI in 2025

Most businesses, both U.S. and foreign, must file a BOI report. This includes LLCs, corporations, and S corporations formed in the U.S. or registered to operate here.

However, there are exceptions. For example, certain entities like banks, credit unions, and some large companies don't need to file. Foreign investment funds may also be exempt in some cases.

U.S. Companies

- Formed under U.S. law - LLCs, corporations, S corps - Registered with state

Foreign Companies

- Formed under foreign laws - Registered to operate in U.S. - Filed documents with U.S. office

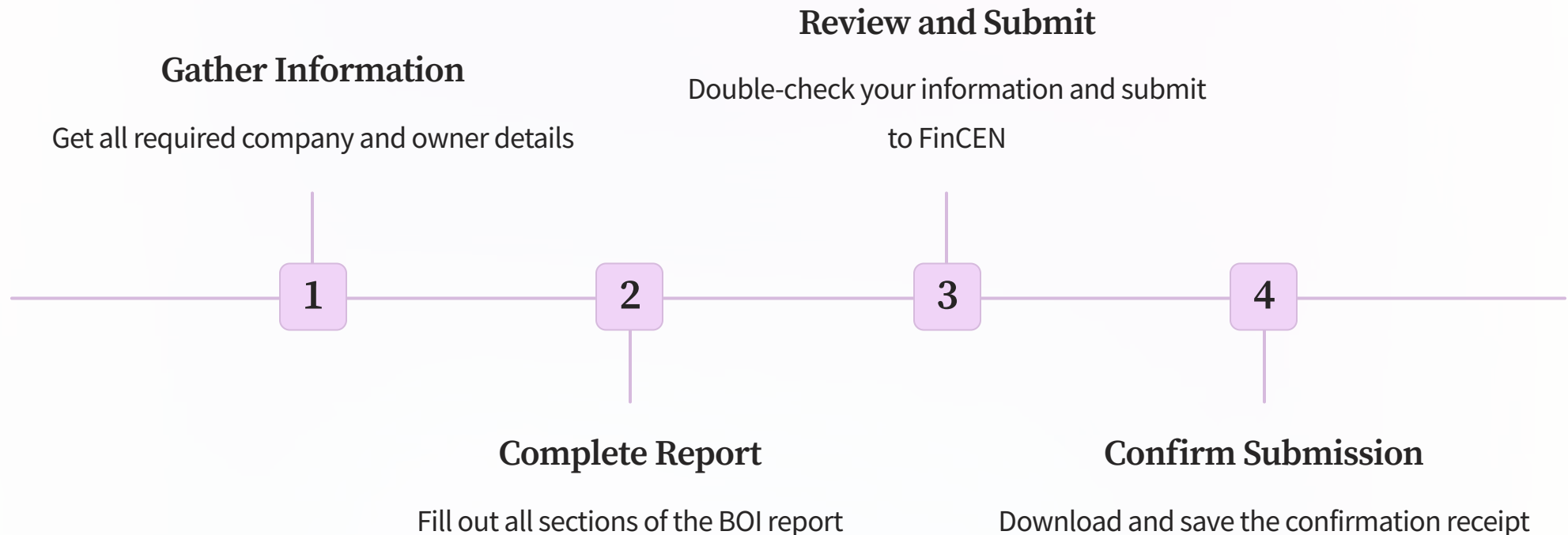
Exemptions

- Includes banks, credit unions - Some large companies - Foreign investment funds (in some cases)

Step-by-Step Guide to Filing a BOI Report

Here's how to file a BOI report: First, gather all the necessary information about your company and its owners. This includes basic company details, beneficial owner information, and details about the person submitting the report.

Next, fill out the BOI report. You can do this online through FinCEN's portal or by using the PDF form. The report is divided into four parts: basic information, company details, applicant details, and information about the beneficial owners.



Compliance and Ongoing Reporting Requirements

The BOI report is not a one-time submission. Businesses must update their information when changes occur. Corrections to initial reports must be made within 30 days of finding an error. Updates are required for changes in company name, ownership structure, beneficial owner details, or exemption status. These updates must be filed within 30 days of the change.

Keeping good records is crucial. Use digital or physical calendars to track submission dates, set up email reminders for deadlines, and keep all BOI-related documentation organized. Keep copies of all submitted documents and stay informed about the latest reporting guidelines through industry newsletters or FinCEN updates.

1

Initial Filing

Submit the initial BOI report within the designated timeframe. New companies formed before January 1, 2025, have 90 days to file their initial BOI report, while those formed after Jan. 1, 2025, have 30 days. Existing companies must submit their reports by Jan. 1, 2025.

2

Ongoing Monitoring

Track changes in ownership and company information. This includes changes to beneficial owners, changes in ownership structure, changes in the company's legal name, and any changes in exemption status. Make sure to track these changes and be ready to file updates within 30 days of the change.

3

Timely Updates

File updates or corrections within 30 days of changes. For example, if there is a change in the beneficial owner information, an update must be filed within 30 days. You must also file updates for any errors in the initial report.

4

Record Keeping

Keep complete records of all filings, including the initial BOI report, all updates, and any confirmations or receipts. Keep copies of all submitted documents. This will help you to demonstrate compliance if there are any issues or questions about your filings. You must keep these records for at least 5 years.

Special BOI Reporting Rules for Different Entities

While the reporting process is similar for most entities, there are some special considerations for certain business structures. For example, trusts may need to file a BOI report if they own at least 25% of a company that is required to report.

If a company is owned by an exempt entity, the exempt entity's information should be reported instead of individual beneficial owners. If a minor is a beneficial owner, you should report the information of the parent or guardian.



Trusts

May need to report if they own 25% or more of a company



Exempt Entities

Report the exempt entity's information instead of individuals



Minors

Report parent/guardian information



Foreign Entities

Simplified reporting for investment vehicles

Foreign pooled investment vehicles have simplified reporting requirements. They only need to provide details of one individual who has substantial control over the vehicle. Existing companies that were created before Jan. 1, 2024, don't need to provide company applicant information. Because the BOI reporting rules can be complex, it's recommended to seek legal expertise for personalized advice.

Frequently Asked Questions

The BOI reporting requirement is still in effect as of Jan. 1, 2024. Most LLCs, corporations, and S corporations authorized to do business in the U.S. must report information about the company and its owners. Filing deadlines vary based on the entity's creation or registration date. The BOIR can be filed online through FinCEN's portal, which is the recommended method.

There are twenty-three types of legal entities exempt from reporting. Inactive companies meeting specific criteria are also exempt. If a company's status changes to exempt after filing, they must update FinCEN. For structure changes, like converting from an LLC to a corporation, new filings or updates may be required depending on state laws.

Is BOI still required?	Yes, as of Jan. 1, 2024
Who must report?	Most LLCs, corporations, S corps
How to file?	Online through FinCEN portal
Exemptions?	Twenty-three types of entities exempt
Structure changes?	May require new filing or update

Determining if Your Company is Exempt from BOI Reporting

Review Exemption Criteria

Check if your company meets any of the 23 exemption categories outlined, such as being a securities reporting issuer, governmental authority, or publicly traded company.

Document Exemption Status

If your company is exempt, keep records to demonstrate your eligibility in case of an audit or review by FinCEN.

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3

Understand Your Entity Type

Carefully evaluate your company's legal structure and operations to see if it qualifies for an exemption based on the specific criteria.

Is my company exempt from the reporting requirements?

Reporting Rule Exemptions

The Reporting Rule exempts twenty-three (23) specific types of entities from the reporting requirements listed. An entity that qualifies for any of these exemptions is not required to submit BOI reports to FinCEN.

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Reporting Company Exemptions

1. Securities reporting issuer
2. Governmental authority
3. Bank
4. Credit union
5. Depository institution holding company
6. Money services business
7. Broker or dealer in securities
8. Securities exchange or clearing agency
9. Other Exchange Act registered entity
10. Investment company or investment adviser
11. Venture capital fund adviser
12. Insurance company
13. State-licensed insurance producer
14. Commodity Exchange Act registered entity
15. Accounting firm
16. Public utility
17. Financial market utility
18. Pooled investment vehicle
19. Tax-exempt entity
20. Entity assisting a tax-exempt entity
21. Large operating company
22. Subsidiary of certain exempt entities
23. Inactive entity

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