

FinCEN Beneficial Ownership Information Reporting Rule Effective January 1, 2024



The Financial Crimes Enforcement Network (FinCEN) beneficial ownership information (BOI) reporting rule mandated by the Corporate Transparency Act took effect January 1, 2024. The rule affects a broad spectrum of small businesses and requires covered businesses to report BOI to FinCEN through its E-Filing System.

Type of Business Covered

Every corporation, LLC, or other entity created by filing a document with a secretary of state, or similar state office, is required to file a BOI report unless the entity qualifies for an exemption such as the “large operating company” exemption. The large operating exemption applies to a business that (1) employs more than 20 full-time employees in the United States, (2) has an operating presence at a physical office within the United States, and (3) has filed a federal income tax or information return in the United States for the previous year demonstrating more than \$5 million in gross receipts or sales. FinCEN has more details on all the exemptions [here](#).

Information Reported

Each covered business must report four pieces of information about the business:

- Legal name and any d/b/a names it conducts business under,
- Address,
- Jurisdiction of formation, and
- Taxpayer identification number.

Each covered business must also report four pieces of information about each beneficial owner:

- Name,
- Birthdate,
- Address, and
- An identifying number from a driver’s license, state ID, or passport, and an image of the document that the number is from.

A *beneficial owner* is any individual who, directly or indirectly, exercises substantial control over a reporting company or who owns or controls at least 25 percent of a reporting company.

Timeline for Reporting

- Companies that preexist the effective date, January 1, 2024, will have one full year to file their initial report (January 1, 2025).
- Newly formed companies registered after the effective date and before January 1, 2025, will have 90 calendar days after receiving notice to file their initial report.
- Newly formed companies registered after January 1, 2025, will have 30 days after receiving notice to file their initial report.
- Companies with a change in any beneficial ownership information will have 30 days after receiving notice to file updated reports.
- Companies that must correct errors after initial filing are required to file a corrected report within the 30 days of the date it knew, or should have known, that the information was inaccurate

How to Report

If you are required to report your company's BOI to FinCEN, you will do so electronically on FinCEN's BOI E-Filing System. You can find more information on FinCen's website [here](#).

Failure to provide completed and updated reports could result in criminal penalties of up to 2 years in prison and civil penalties of \$500 per day, up to \$10,000.

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