

NFIB UPDATE

Presented by the NFIB Small Business Legal Center
with Beth Milito and Holly Wade, NFIB



January 17, 2024

Beneficial Ownership Reporting is Here: What Small Business Owners Need to Know About the New Reporting Requirements,
Presented by Sandra Feldman, Wolters Kluwer CT Corporation



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Wednesday, February 7
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Ask the CPA - 2024 Edition!

You won't want to miss special guest Micah Frain, CPA and small business tax expert. There's no one better to provide a realistic and informative take on small business tax planning than Micah, a best-selling author and sought-after speaker.



Beneficial Ownership Reporting is Here: What Small Business Owners Need to Know About the New Reporting Requirements



Beneficial Ownership Reporting is Here: What Small Business Owners Need to Know About the New Reporting Requirements

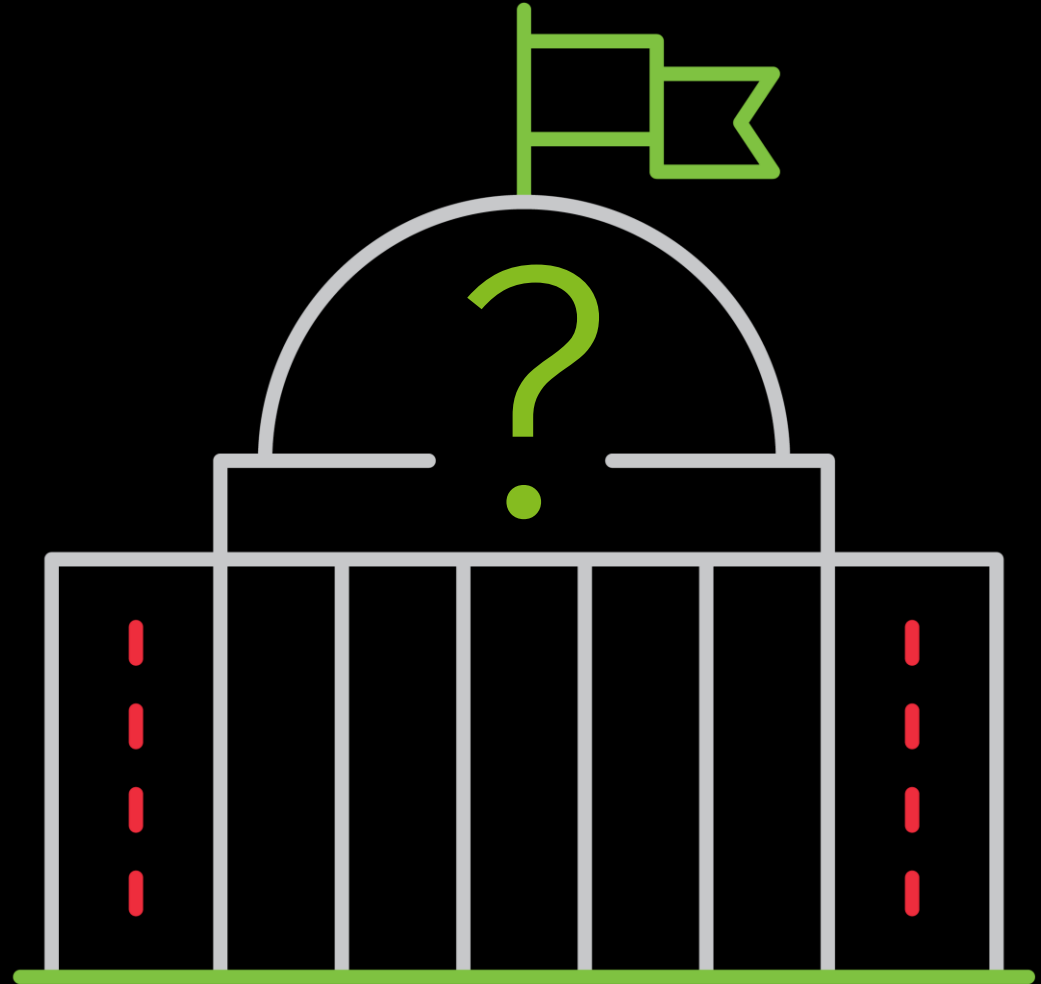


Agenda

- Why the CTA
- Role of FinCEN
- Who files a BOI report
- What information is reported
- Who is a beneficial owner
- Who is a company applicant
- When is the initial report filed
- When is a report updated or corrected
- Where and how are reports filed
- FinCEN identifier
- Penalties
- Preparing to file
- Q & A

Why did Congress Pass the CTA?

- States do not collect beneficial owner information
- Malign actors conceal ownership to launder money, finance terrorism, other illicit activities
- Federal law providing for BOI collection needed to protect national security and counter money laundering



What is the Role of FinCEN?



CTA sets forth basic framework of reporting requirement

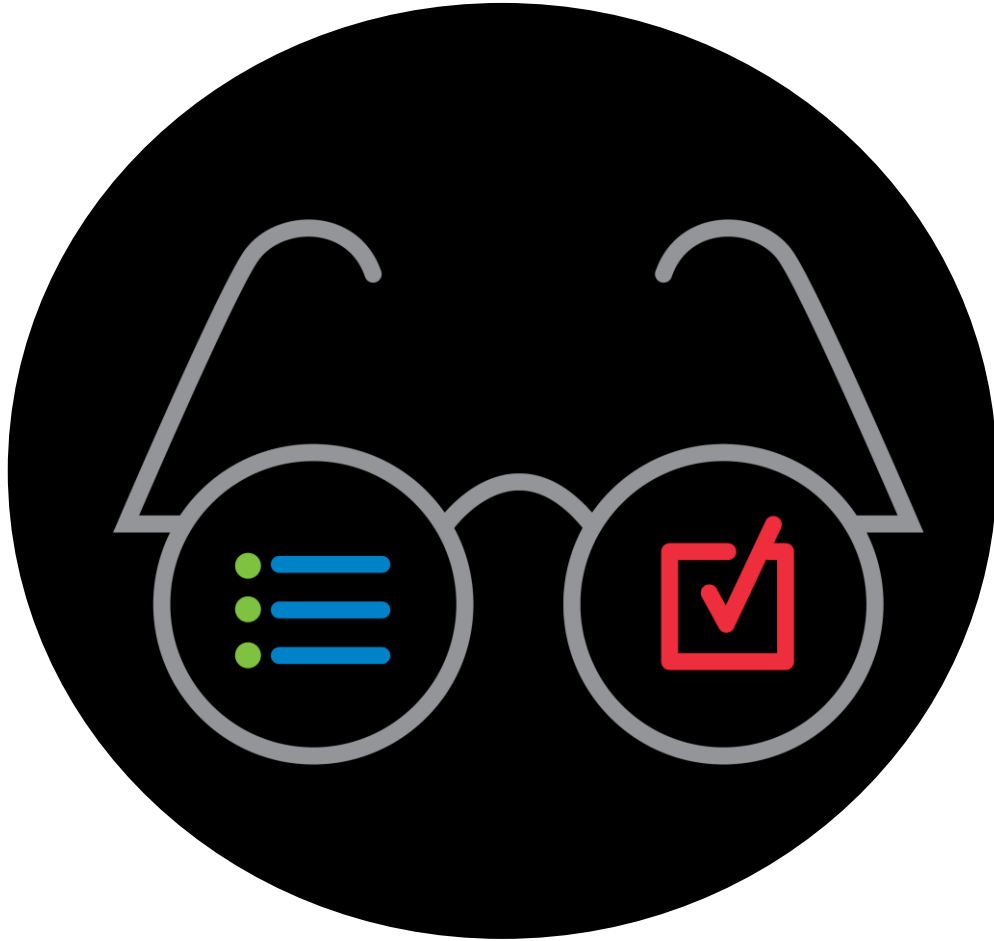
FinCEN wrote rule providing reporting details

BOI reports are filed with FinCEN

FinCEN maintains BOI registry

Only FinCEN is authorized to disclose BOI

Who has Access to BOI?



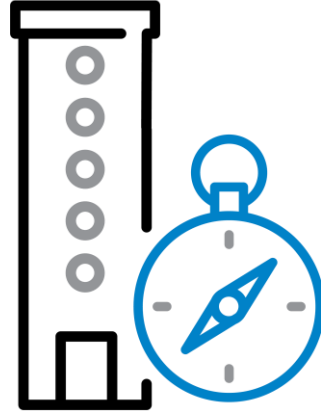
- No public access
- Federal, state, local, tribal governmental officials
- Foreign law enforcement officials
- Financial institutions
- Regulators of financial institutions
- Department of Treasury

Who Files a BOI Report? “Reporting Companies” Do



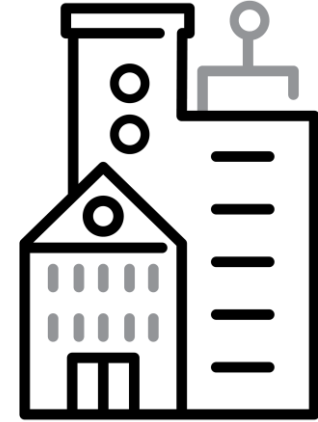
Domestic reporting companies

- Corporation, LLC, or other entity created by filing a document with a SOS (or similar office)
- Unless exempt



Foreign reporting companies

- Corporation, LLC, or other entity created under foreign law and registered in US by filing a document with a SOS (or similar office)
- Unless exempt



Are other entities reporting companies?

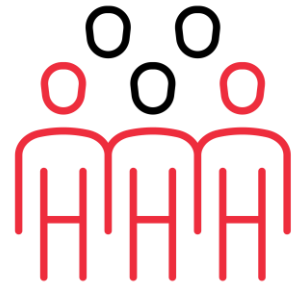
- Yes, if created by filing a document with a SOS or similar office (and not exempt)
- No, if not created by filing a document with a SOS or similar office
- Sole proprietorship? Probably not.

There are 23 Exemptions

- Securities reporting issuer
- Governmental authority
- Bank
- Credit union
- Depository institution holding co
- Money services business
- Securities broker/dealer
- Securities exchange or clearing agency
- Other Exchange Act registered entity
- Investment company/adviser
- Venture capital fund adviser
- Insurance company
- State licensed insurance producer
- Commodity Exchange Act registered entity
- Public accounting firms
- Public utility
- Tax exempt entities
- Financial market utility
- Pooled investment vehicle
- Tax exempt entity
- Entity assisting tax exempt entity
- Large operating company
- Subsidiary of certain exempt entities
- Inactive entity

What is a Large Operating Company?

More than
\$5 million in
gross receipts
or sales



More than 20 full
time employees
in US



Operating
presence at
a physical
office in US

All three required

What Information is Reported?

Information about the company

- Full legal name
- Any trade or dba name
- Street address of PPB
- State of formation
- IRS TIN

Information on all beneficial owners

- Full legal name
- Date of birth
- Residential street address
- Unique ID number and issuing jurisdiction
 - Passport
 - State ID
 - Driver's license
- Image of document

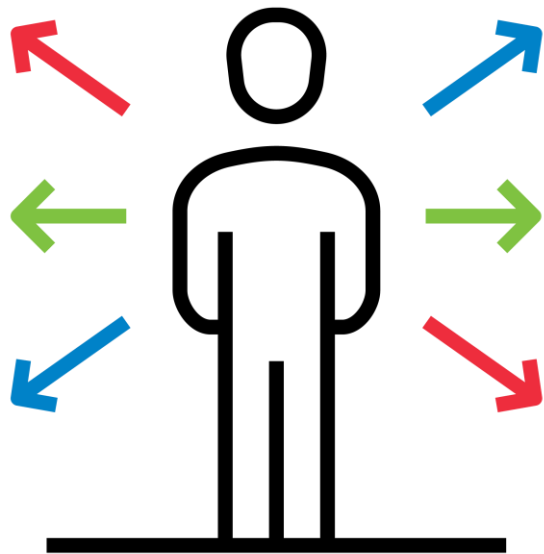
Information on company applicants – reporting companies created on or after January 1, 2024

- Same as beneficial owner except business address for some company applicants

Who is a Beneficial Owner?

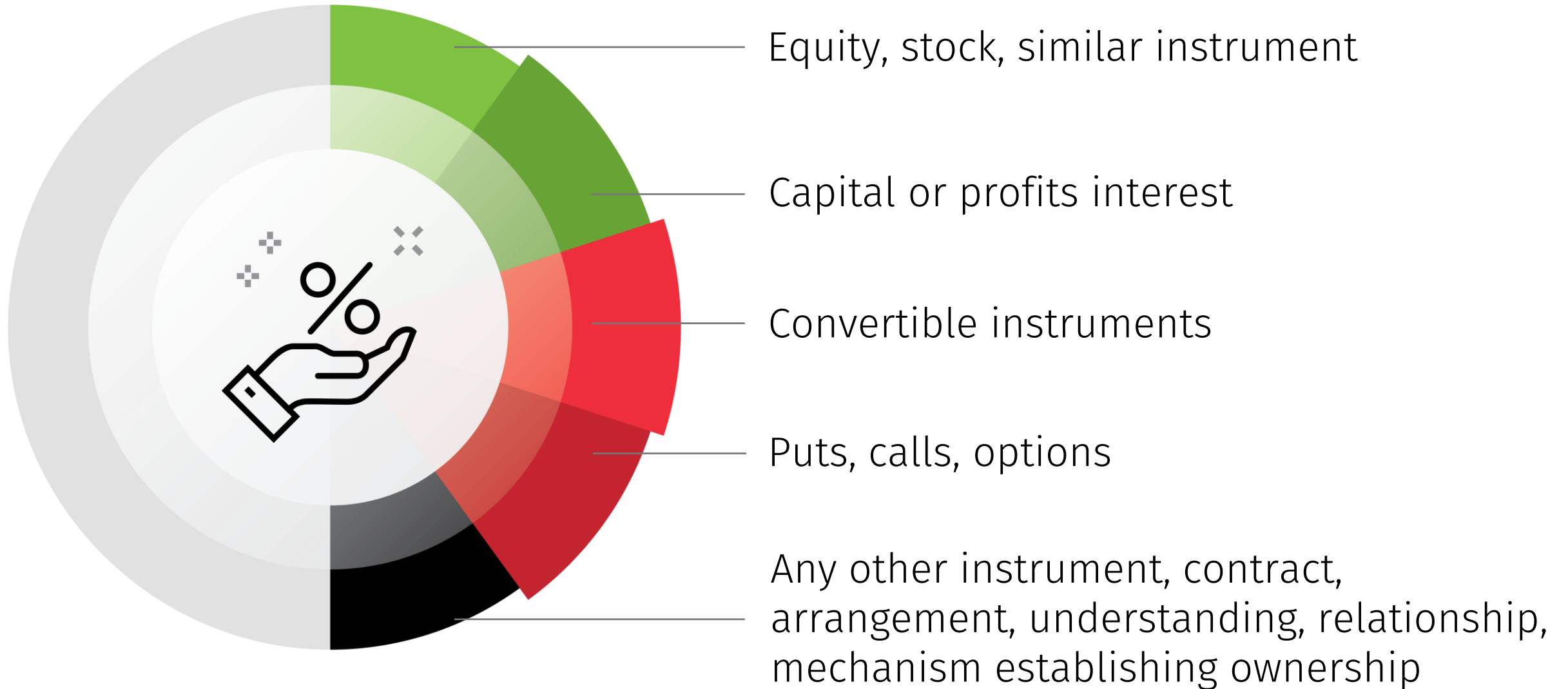
Any individual who, directly or indirectly, either exercises substantial control over a reporting company or owns or controls at least 25% of the ownership interests of a reporting company

Beneficial Owner: Substantial Control



- Serves as senior officer (Pres., CFO, GC, CEO, COO)
- Authorized to appoint or remove senior officers or majority of board
- Directs, determines, influences important decisions
 - Sale, lease, mortgage of principal assets
 - Reorganization, dissolution, merger
 - Major expenditures
 - Selection or termination of business lines
 - Compensation, incentive programs for senior officers
 - Entering into or terminating contracts
 - Amending governance documents
- Any other form of substantial control

Beneficial Owner: Ownership Interests



Beneficial Owner: Exceptions to Definition

Minor children (report parent/guardian)

Nominees, intermediaries, custodians, agents

Future inheritors

Employees (not senior officers)

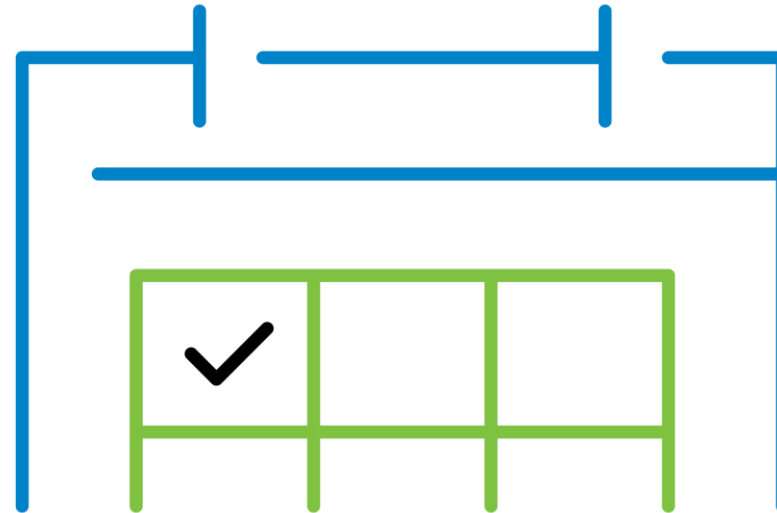
Creditors



Who is a Company Applicant?

- Reporting companies created on or after January 1, 2024
- Directly submits document creating company
- Directs or controls filing of document creating company
- May be 1 or 2 individuals

When is the Initial Report Due?



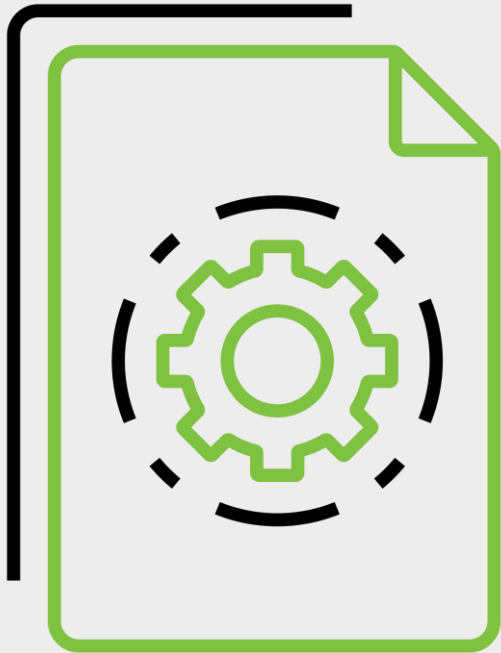
Created before
January 1, 2024 -
File by January 1,
2025

Created in 2024 – File within
90 calendar days after
receiving notice of creation

Created in 2025 &
beyond – File within
30 calendar days
after receiving notice
of creation

Once exempt but no
longer – File within 30
calendar days after no
longer qualifying

When do you Need to Update a BOI Report?



- Change in information for company or beneficial owner
- File within 30 calendar days after change occurs
- If reporting company qualifies for exemption after filing initial report, file update
- Company applicant information does not have to be updated

When do you Need to Submit a Corrected Report?



Where & How is a BOI Report Filed?

- BOI reports are filed with FinCEN
- Submitted electronically
- No state filing
- No fee
- File on FinCEN's website or use a third party service provider



FINANCIAL CRIMES
ENFORCEMENT NETWORK

[BOI E-FILING](#) | [FILE BOIR](#) [HELP](#)

Welcome to the BOI E-Filing System

The BOI E-Filing System supports the electronic filing of the Beneficial Ownership Information Report (BOIR) under the Corporate Transparency Act (CTA). The CTA requires certain types of U.S. and foreign entities to report beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.



File BOIR

Need to file a BOIR?
Click here!



Help

Looking for more
information? Click here



Beneficial Ownership Information (BOI) Reporting

Need to file a BOIR? Click here!

GET STARTED



Bank Secrecy Act (BSA) Reporting

Need to file another type of
BSA report? Click here!

BSA E-FILING

News & Announcements

Jan 04 2024

Need assistance? Go to the Help section in the blue banner to find filing instructions and other guidance materials.

File the Beneficial Ownership Information Report (BOIR)

Select the filing method that works best for you:



File PDF BOIR

- Adobe Reader is required
- Prepare report offline at your own pace, save as you go
- Reuse PDF BOIR when filing updates/corrections
- Download BOIR transcript upon submission

[Prepare BOIR](#)

[Submit BOIR](#)



File Online BOIR

- Adobe Reader NOT required
- Prepare report online and submit now
- Prepare new Online BOIR when filing updates/corrections
- Download BOIR transcript upon submission

[Prepare & Submit BOIR](#)

FinCEN also offers system-to-system BOIR transmission via secure Application Programming Interface (API) for those, including third-party service providers, who are interested in automating the BOIR filing process:



System-to-System API

If you are interested in this method of filing, select the button below to contact FinCEN and one of our representatives will reach out.

[Contact FinCEN for API Information](#)

Filing BOIs through CT Corporation

Benefits:



Easy to use with minimal to no training



Save hours on each filing



Know sensitive information is kept safe



Reduce errors with online form data validation



Step-by-step guidance



Smart rules update the form based on input

Beneficial Ownership

Beneficial Ownership Dashboard | Create New BOI Report

John Smith

Beneficial Ownership Filing Process

Tasks 20%

- Identify Reporting Company
- Add Company Applicant
- Add Beneficial Owner(s)
- Review Summary
- Submit for Filing

Start from an existing entity?

If you have already created an entity in the Beneficial Ownership Filing dashboard, you can select it here to pre-populate the fields to speed up your filing process!

Select Entity

Choose an option

Submit

Reporting Company Information

Fields may already be filled if you are creating a filing from a pre-existing entity or corporation.

Company Details

Full Legal Name: 123 Financial

Entity Type: LLC

Country/Jurisdiction of Formation: United States of America

US State/Jurisdiction of Formation: Texas

Filing Type: Initial

Date of Formation: 01/04/2024

Was this entity created before January 2024?
 Yes No

Additional Information

Trade name or DBA name: 123 Financial Services

Tax identification type: EIN

Tax identification number: 290317120

Current US Address

Simple, intuitive and secure reporting

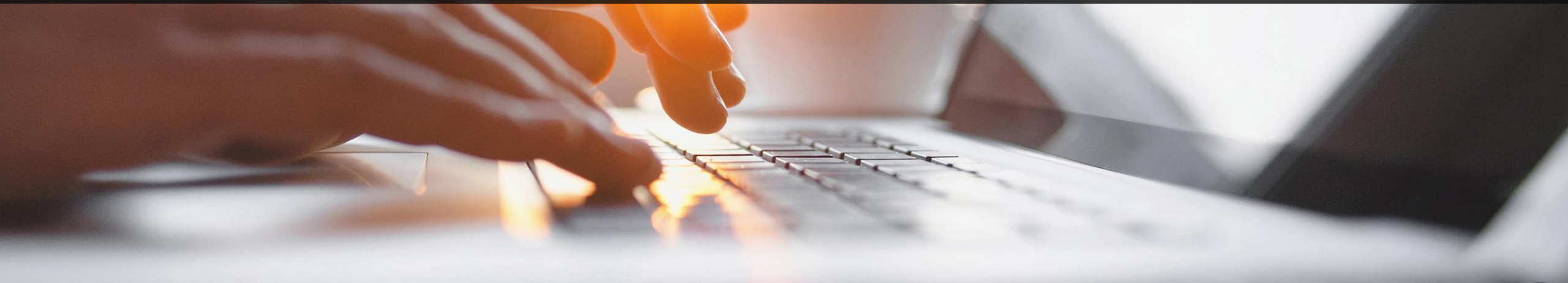
- End-to-end control
- Online form data validation
- Simplified data collection
- Comprehensive reports list
- Confidence in filings

Filing BOI Reports

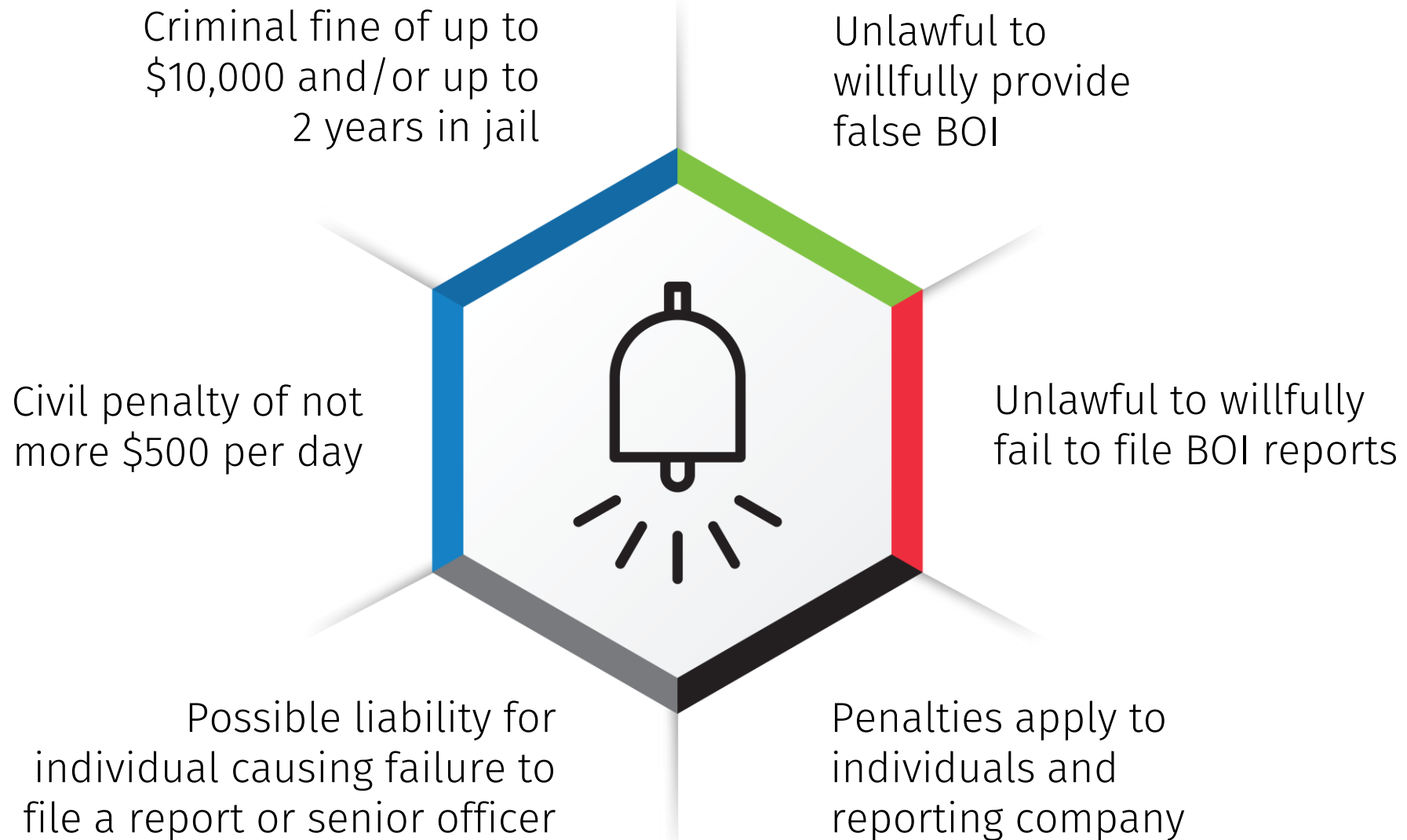
- One BOI report form
- Check box for initial, update, correction, newly exempt
- Complete entire form when updating or correcting

What is the FinCEN Identifier?

- Number specific to beneficial owner or company applicant
- Application filed with FinCEN
- Application contains personal information and document image
- Information must be updated or corrected with FinCEN within 30 days
- Administrative efficiency or security concern
- Company can obtain FinCEN Identifier



What are the Penalties?



Preparing for 2024



- Is your entity a reporting company?
- Identify and inform beneficial owners
- Gather information to be reported
- Develop procedure for keeping track of reported information

CTA/BOI Reporting Resources



<https://www.fincen.gov/boi>



A screenshot of the BOI reporting resources page. At the top, it features the Wolters Kluwer logo and a partnership announcement with the National Federation for Independent Business Inc. Below this, there is a section titled "What is the Beneficial Ownership Information report & the Corporate Transparency Act?" with a sub-section "Use CT Corporation's Beneficial Ownership solution for fast and accurate BOI filings". This section includes four icons: "Easy to Use", "Efficient Filing", "Secure Process", and "Reduced Risk". At the bottom of this section, there are three resource cards: "Beneficial Ownership Information reporting", "Beneficial Ownership Secure Filer", and "Beneficial Ownership Data Security and Protection".

A screenshot of the FinCEN website's BOI reporting resources page. The top navigation bar includes "HOME", "ABOUT", "RESOURCES", "NEWSROOM", "CAREERS", "ADVISORIES", and "GLOSSARY". The main heading is "FINANCIAL CRIMES ENFORCEMENT NETWORK". Below the navigation, there are links for "Small Business Resources", "Reference Materials", and "BOI Newsroom". The main content area features the BOI logo and a section titled "Prepare" with links for "How do I file?", "Do I qualify for an exemption?", and "How do I get a FinCEN ID?". To the right, there is a "File" section with the text "File beginning January 1, 2024" and a note: "Please note: FinCEN cannot accept reports before January 1, 2024."

Thank You!

Q & A



CT is providing a service facilitating the filing of Beneficial Ownership Information Reports with FinCEN, and CT does not maintain a position with respect to the Corporate Transparency Act and its reporting obligations. The views or opinions of any third party with respect to the Corporate Transparency Act and its reporting obligations are exclusively those of such third party, and CT does not endorse such views or opinions in any way.