

Beneficial Ownership Information (BOI) Reporting Requirements

FinCEN has issued new reporting requirements that will affect many small businesses that operate in the United States. The key word here is **requirements**. Reporting is not optional and the penalties can be costly (\$591 per day) if filing deadlines are not met.

In a nutshell, the Financial Crimes Enforcement Network (FinCEN) issued new reporting requirements, called Beneficial Ownership Information (BOI), which will require new and existing businesses to file a report listing all of the beneficial owners and/or company applicants of the business.

As stated by FinCEN, the reason for these new reporting requirements is:

"To protect U.S. national security and strengthen the integrity and transparency of the U.S. financial system, the rule will help to stop criminal actors, including oligarchs, kleptocrats, drug traffickers, human traffickers, and those who would use anonymous shell companies to hide their illicit proceeds."

These regulations became effective January 1, 2024. This is the first date available to file initial BOI reports. Here is a brief summary of those deadlines:

- *Businesses registered or created on or before December 31, 2023* have one full year, until January 1, 2025 to file the initial BOI report.
- *Businesses registered or created on or after January 1, 2024, and before January 1, 2025*, have 90 days from the date created to file the initial BOI report.
- After the initial BOI report has been filed, changes or corrections to the reporting company and/or beneficial owners for all entities must be reported within 30 days.

The BOI Report will require images of each beneficial owner's identification document, so we highly encourage you to ensure your address is current on those ID documents.

FinCEN has provided a Small Entity Compliance Guide, FAQ's and a Fact Sheet posted on the FinCEN website. You can access them here:

- https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide_FINAL_Sept_508C.pdf
- https://www.fincen.gov/sites/default/files/shared/BOI_Reporting_Key_Questions_Published_508C.pdf
- <https://www.fincen.gov/boi-faqs>
- <https://www.fincen.gov/beneficial-ownership-information-reporting-rule-fact-sheet>

Currently, there is a SCAM going around via fraudulent emails being sent with a title "Important Compliance Notice" that include a URL link or a QR Code that attempts to solicit information from individuals and entities who may be subject to reporting requirements under the Corporate Transparency Act. **DO NOT CLICK or SCAN and DELETE immediately!**

Please be assured that we are actively monitoring the guidance that FinCEN produces for these requirements. As the guidance progresses, we will be emailing more information, posting updates on our webpage, and sharing updates on our Facebook page. We value your understanding and look forward to assisting you once more information becomes available.

Thank you for your continued trust in our firm.

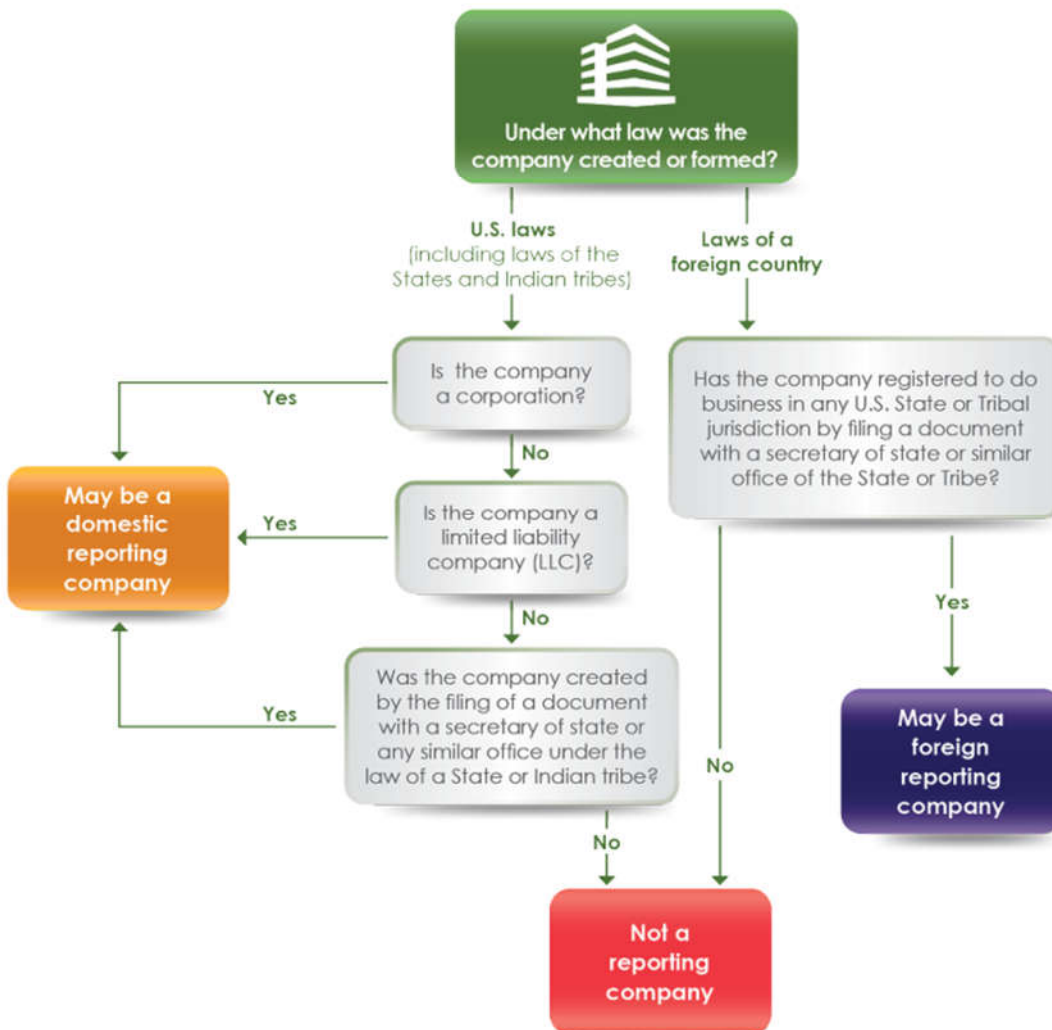
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1.1 Is my company a “reporting company”?

The Reporting Rule requires that all “reporting companies” file BOI reports with FinCEN within the previously specified timeframes. A reporting company is any entity that meets the “reporting company” definition and does not qualify for an exemption. There are two categories of reporting companies: a “domestic reporting company” and a “foreign reporting company”. If your company is neither a “domestic reporting company” nor “foreign reporting company” because it does not meet either definition (as described below) or it qualifies for an exemption, then it is not required to file a BOI report with FinCEN.

The following chart shows how to analyze whether your company is a “reporting company”:

Chart 1 – Reporting company definition



1.2 Is my company exempt from the reporting requirements?

The Reporting Rule exempts twenty-three (23) specific types of entities from the reporting requirements listed in Chart 2 below. An entity that qualifies for any of these exemptions is not required to submit BOI reports to FinCEN.

Chart 2 – Reporting company exemptions

Exemption No.	Exemption Short Title
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

Special rule for foreign pooled investment vehicles.

If an entity meets the criteria of Exemption #18 and is formed under the laws of a foreign country, the entity is subject to a separate reporting requirement. These companies are referred to as “foreign pooled investment vehicles” in the Reporting Rule and their reporting requirement is explained in [Chapter 4.2](#) of this Guide.

See special rule at 1010.380(b)(2)(iii).

The criteria for each exemption are provided in a check-box format in the following pages to assist your company in answering the question, “Is my company exempt from the reporting requirements?”

Inactive entity (Exemption #23)

An entity qualifies for this exemption if all six of the following criteria apply:

1. The entity was in existence on or before January 1, 2020.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. The entity is not engaged in active business.	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. The entity is not owned by a foreign person, whether directly or indirectly, wholly or partially. "Foreign person" means a person who is not a United States person. A United States person is defined in section 7701(a)(30) of the Internal Revenue Code of 1986 as a citizen or resident of the United States, domestic partnership and corporation, and other estates and trusts.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. The entity has not experienced any change in ownership in the preceding twelve-month period.	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. The entity has not sent or received any funds in an amount greater than \$1,000, either directly or through any financial account in which the entity or any affiliate of the entity had an interest, in the preceding twelve-month period.	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. The entity does not otherwise hold any kind or type of assets, whether in the United States or abroad, including any ownership interest in any corporation, limited liability company, or other similar entity.	<input type="checkbox"/> Yes <input type="checkbox"/> No