

Financial, Legal & Tax Advisory

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FinCEN Requirement: Beneficial Ownership Information Reporting

As part of the National Defense Authorization Act for Fiscal Year 2021, the Corporate Transparency Act (CTA) was enacted by Congress on January 1, 2021. This act introduced a new filing requirement for many entities beginning in January 2024. The purpose of the CTA is to increase transparency about who owns or controls an entity. Congress enacted this due to the belief that illicit actors use U.S. entities to launder money for various illegal activities.

To combat this, the CTA requires certain types of entities to file a beneficial ownership information (BOI) report with Treasury's Financial Crimes Enforcement Network (FinCEN). What is Beneficial Ownership? A beneficial owner is an individual who either directly or indirectly exercises substantial control over the reporting company or owns/controls at least 25% of the reporting company's ownership interests. An individual can exercise substantial control over a reporting company if they fall into any of the following categories:

- Senior Officer: President, CEO, CFO, COO, or other officer performing similar functions.
- Authority to appoint or remove certain officers or directors.
- Important Decision-Maker
- Any other form of substantial control over the reporting company
- When it comes to the BOI reporting process, it is straight forward. On January 1, 2024, a BOI e-filing website launched. This e-filing process is very simple and is the only way to report BOI at this moment. Most importantly, there are no fees attached to submitting your BOI report. With the BOI reporting, the deadline to file is based on when the reporting entity was created or registered.
- A reporting company created or registered to do business before January 1, 2024, will have until January 1, 2025, to file its initial BOI report.
- A reporting company created or registered in 2024 will have 90 calendar days to file after receiving actual or public notice that its creation or registration is effective.

- A reporting company created or registered on or after January 1, 2025, will have 30 calendar days to file after receiving actual or public notice that its creation or registration is effective.

What exactly is a reporting company? Domestic reporting companies are corporations, limited liability companies (LLC), and any other entities created by filing a document with a secretary of state or any similar office in the United States. A foreign reporting company is an entity (including corporations and LLCs) formed under the law of a foreign country that has registered to do business in the United States by filing a document with a secretary of state or any similar office. With all the above being true regarding reporting companies, it is important to note that 24 types of entities are exempt from the BOI reporting requirements. Below are the exempt entities:

Securities Reporting Issuer	Governmental Authority	Bank
Credit Union	Accounting Firm	Money Services Business
Broker/Dealer in Securities	Securities Exchange	Clearing Agency
Other Exchange Act Registered Entity	Investment Company or Investment Advisor	Depository Institution Holding Company
Venture Capital Fund Advisor	Commodity Exchange Act Registered Entity	Entity Assisting a Tax-Exempt Entity
Insurance Company	State-licensed Insurance Provider	Public Utility
Financial Market Utility	Pooled Investment Vehicle	Large Operating Company
Subsidiary of Certain Exempt Entities	Inactive Entity	Tax-Exempt Entity

With the world of being a business owner rapidly changing, it is important to keep up to date with any new reporting requirements and tax laws. Contact the professionals at The Center for Financial, Legal, and Tax Planning, Inc. Our office can assist with BOI reporting or any other tax questions that you may have. Please contact us at (618) 997-3436 or visit our website at www.taxplanning.com.

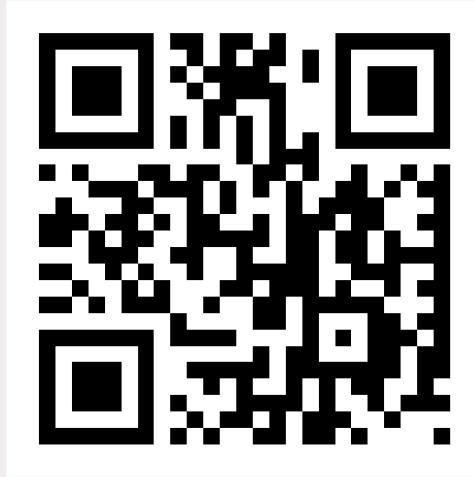
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