

New Federal Requirement for Companies: Beneficial Ownership Information (BOI)

Are you a business owner whose entity is structured as a Limited Liability Company (LLC), Corporation, or any entity that was created in the U.S.? If so, there is a new federal requirement, Beneficial Ownership Information (BOI).

WHY do businesses need to report?

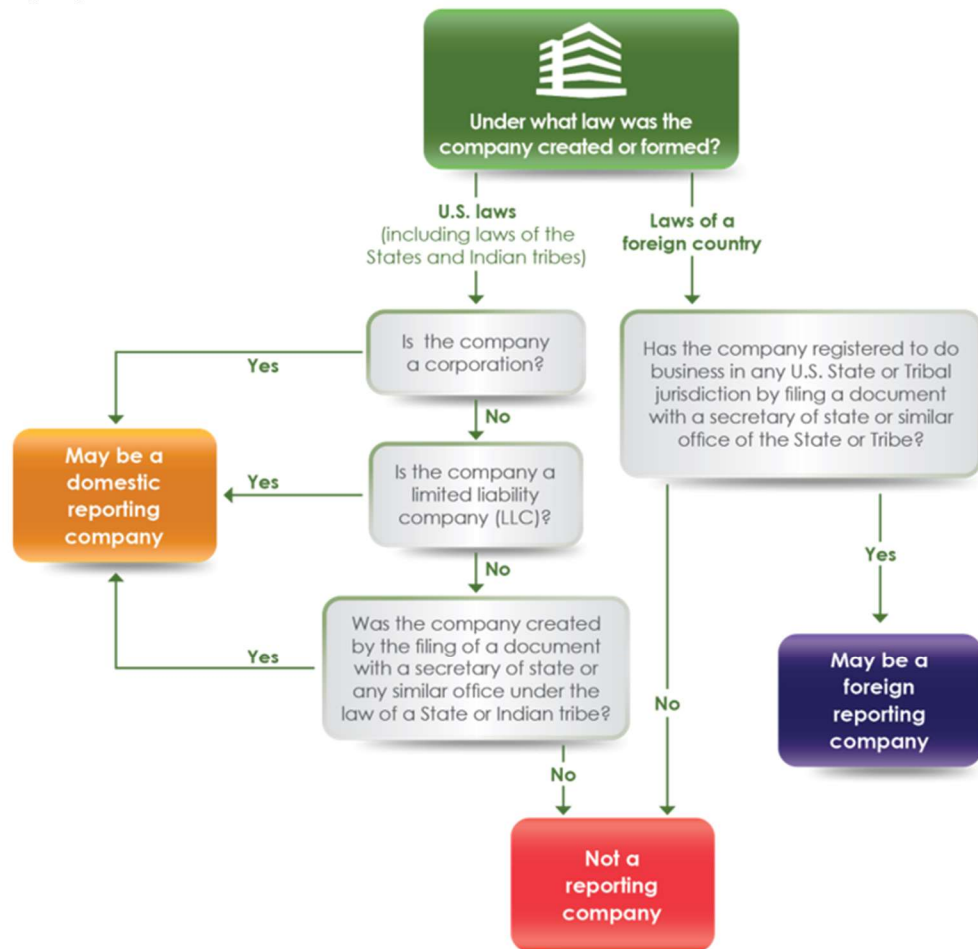
As a business owner, it's important to take the time to understand and comply with the reporting requirement to avoid any potential penalties. Beginning January 1st, 2024, entities must comply with the new BOI reporting requirements with the Financial Crimes Enforcement Network (FinCEN). The U.S. government's goal is to eliminate illegal activities, such as money laundering and tax evasion, which are often concealed through shell companies.

WHO must report?

There are two categories of reporting companies;

- **Domestic Reporting Company.** A corporation, LLC, or any other entity created by the filing of a document with a secretary of state or similar office.
- **Foreign Reporting Company.** A corporation, LLC, or other entity formed under the law of a foreign country that is registered to do business in the U.S. by the filing of a document with a secretary of state or similar office.

FinCEN has created the flow chart below to help determine if your company is a reporting company;



However, there are several exceptions;

- **Non-Reporting Companies.** Entities that are not created by filing with a secretary of state. E.g. sole proprietorships, certain trusts.
- **Exempt Companies.** Exempt companies include banks, credit unions, tax-exempt entities, public utilities, and certain large companies. The Reporting Rule exempts twenty-three (23) specific types of entities from the reporting requirements.

WHAT information is reported?

The reporting requires information about Beneficial Owners and Company Applicants. The information required is mostly straightforward, such as;

- ✓ Legal Business Name
- ✓ Any Trade Name or “Doing Business As” (DBA)
- ✓ Complete U.S. Business Address
- ✓ State, tribal, or foreign Jurisdiction of Formation
- ✓ For Foreign reporting Company: State of Tribal Jurisdiction of First Registration
- ✓ IRS Taxpayer Identification Number (TIN) and Employer Identification Number (EIN) or Foreign Tax ID
- ✓ A reporting company must provide information about its beneficial owners and company applicants, such as Name, Date of Birth, Address, and Identifying Number

WHERE must the report be submitted?

BOI has an E-Filing System that supports electronic filing, please visit <https://boiefiling.fincen.gov/>.

WHEN must reports be submitted?

Filing is simple, secure, and free of charge, so avoid scams! BOI information report only needs to be submitted once, unless the filer needs to update or correct information. Companies that are required to comply must file by the following deadlines:

- Reporting companies created or registered to do business in the United States before January 1, 2024, must file by January 1, 2025.
- Reporting companies created or registered to do business in the United States in 2024 have 90 calendar days to file after receiving actual or public notice that their company’s creation or registration is effective.

For additional resources, FinCEN has a Small Entity Compliance Guide that can be viewed at <https://www.fincen.gov/boi/small-entity-compliance-guide>. **Contact FinCEN at www.fincen.gov/contact. Email: FRC@fincen.gov or call 1-800-767-2825.**

For further clarification or resources, contact the Small Business Development Center at Arizona Western College’s Reskilling & Technology Center at 1351 S. Redondo Center Drive Yuma, AZ 85365 / (928) 317-6151 / visit awc.azsbdc.net.

Disclaimer: The information shared in this article is for general informational purposes only and obtained from the Small Business Compliance Guide. While AZSBDC strives to keep the information current and accurate, AZSBDC does not make representations of any kind, express or implied, about the completeness or accuracy of the information provided.

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