



PAYMENTS INSIDER

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Your Beneficial Ownership Information Requirements

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With a new year comes new changes, and an important change came from the Financial Crimes Enforcement Network (FinCEN). FinCEN's purpose is to safeguard the financial system by identifying individuals involved in tax evasion, money laundering and even terrorist financing. FinCEN's most recent requirements largely impact small businesses by requiring them to file and report Beneficial Ownership Information (BOI). The final ruling which implements the BOI filing and reporting requirements was released in September 2022. However, FinCEN needed time to develop a filing and reporting platform, which is why small businesses are just now being asked to file and report BOI directly to FinCEN. Let's discuss the requirements for reporting, timelines in which you must file and possible repercussions if you do not file.

Who is Required to Report this Information

Reporting companies are divided into two categories, domestic and foreign:

- A domestic reporting company is defined as a corporation, limited liability company or any other entity created by filing a document with a secretary of state or any similar office in the United States.
- A foreign reporting company is defined as an entity, including

corporations and limited liability companies, formed under the law of a foreign country that has registered to do business in the United States by the filing of a document with a secretary of state or any similar office.

To put this more plainly, an entity is a corporation or limited liability company registered to do business in the United States under state, local, tribal or federal law.



Information Required to be Reported

The reporting company, domestic or foreign, is required to identify itself and report specific information for each beneficial owner. The four pieces of information required include the beneficial owner's name, birthdate, address and unique identifying number and issuing jurisdiction from an acceptable identification document. Essentially, a U.S. driver's license would suffice for the identification document.

Regarding who is considered a beneficial owner, one form of beneficial ownership is someone who exercises substantial control over the reporting company. Another form would be someone who owns or controls at least 25% of the reporting company's ownership interests. You'll be able to find examples of substantial control and other frequently asked questions in the link provided at the end of the article.

Where and When to Report Information

Reporting companies will need to visit boiefiling.fincen.gov to file their beneficial ownership information through FinCEN's portal.

There are specific timeframes as to when a reporting company is created to when they need to file. For any reporting companies established before January 1, 2024, they will be required to file with FinCEN by January 1, 2025. However, for reporting companies established between January 1, 2024, and January 1, 2025, they will need to file within 90 days. This 90-day clock will begin when the company receives notice of its company creation or registration being effective, or after a secretary of state provides public notice of a company's creation or registration, whichever is earliest. For reporting companies established after January 1, 2025, there will be a 30-day timeframe to file. The 30-day clock also begins after a company receives notice of its creation or registration or after a secretary of state provides public notice of a company's creation or registration, whichever is earliest.

Potential Consequences


Like many areas of compliance, there are consequences for not filing or updating beneficial ownership information timely. Violations of beneficial ownership information reporting could result in civil penalties of up to \$500 for each day the violation continues, and any beneficial owner could also be subject to criminal penalties of

up to two years imprisonment and a fine of up to \$10,000. It's important to note that both individuals and corporate entities can be held liable for willful violations.

Final Thoughts

After filing, you will simply want to periodically ensure that your entity's beneficial ownership information has not

changed, and if it does you need to update the information within the timeframes found in FinCEN's frequently asked questions.

If you have any questions, visit fincen.gov/boi. 



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