



FinCEN's Corporate Transparency Act

Newly enacted law that requires U.S. businesses and companies doing business in the U.S. to [complete and submit a report](#) that includes information about itself, its beneficial owners and company applicants.

Purpose: to enhance U.S. national security by making it more difficult for criminals to exploit opaque legal structures to launder money, traffic humans and drugs, and commit serious tax fraud and other crimes that harm the American taxpayer.

Reporting requirement is perpetual and **requires updating within 30 days** each time any of the reported information changes.

A "reporting company" is required to report certain information about itself, its "Beneficial Owners" and its "Company Applicants" to FinCEN.

"Reporting Company"

- Domestic company; or
- Foreign company doing business in U.S.

23 Exemptions:

Large corporations, banks, tax exempt entities, insurance companies, etc. since these types of companies are already highly regulated



MUST REPORT:

1. Legal company name & any DBA
2. Physical address of business
3. Tax ID number/ EIN
4. Jurisdiction of formation

"Beneficial Owners"

- Individual who owns at least a 25% interest;
- or**
- Individual who has 'substantial control' over the company.

The rule sets forth a range of activities that could constitute substantial control.

Purposefully broad.



MUST REPORT

1. Full legal name
2. Date of birth
3. Current physical address
4. Passport #, DL #, etc. with PHOTO of document uploaded

"Company Applicant"

Two types of individuals:

1. Individual who directly files the document that creates the entity;

and/or

2. Individual who is primarily responsible for directing or controlling the filing of the relevant document by another.

Yes, applicable to Attorneys & Paralegals



MUST REPORT

1. Full legal name
2. Date of birth
3. Current physical address
4. Passport #, DL #, etc. with PHOTO of document uploaded

When was the company created?

Prior to
January 1, 2024:

Must file report
before Jan. 1,
2025

On or after
January 1, 2024:

Must file report
within **90 days**

On or after
January 1, 2025:

Must file report
within **30 days**

*If there are **ANY CHANGES** to legal names, mailing addresses or ownership interests, an updated report must be filed **within 30 days**.*

Frequently Asked Questions

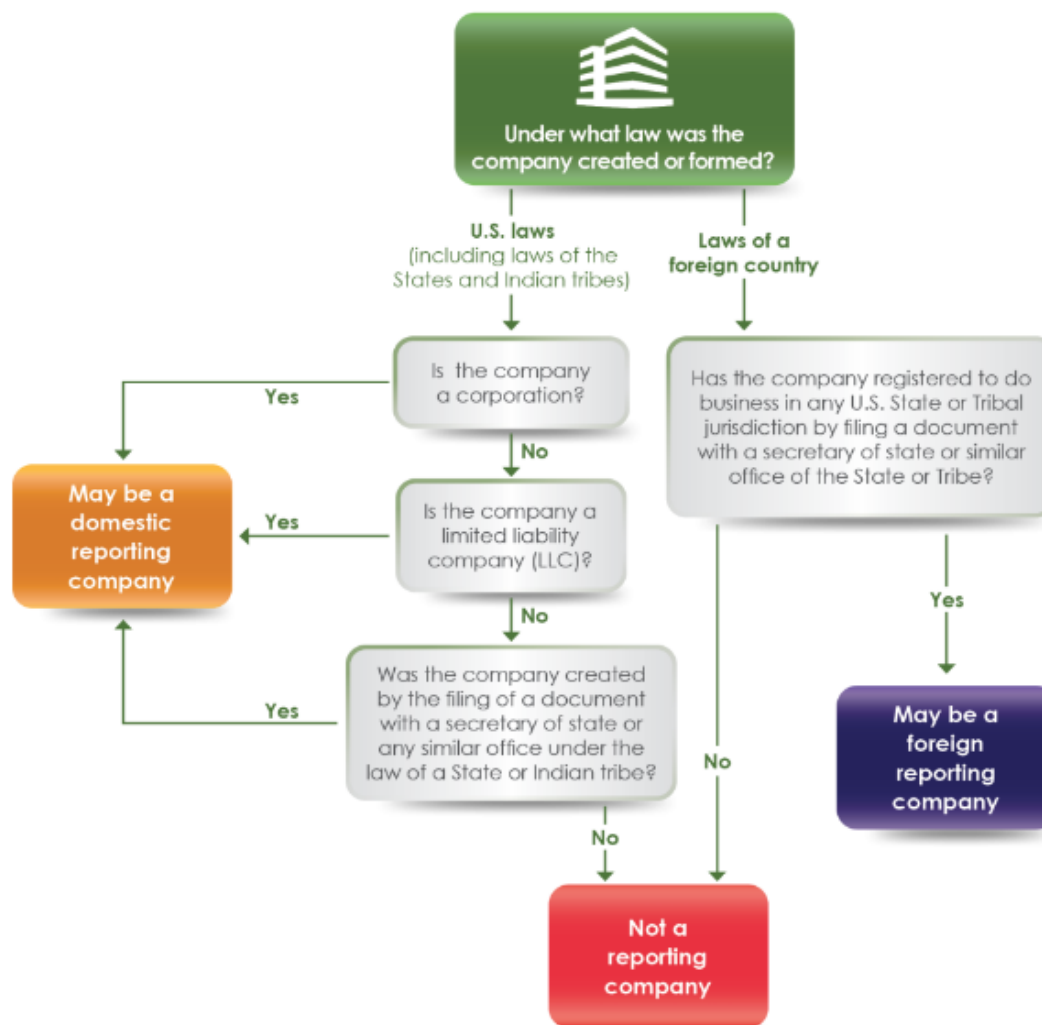
- How do I file? www.FinCEN.gov/boi
- What is a FinCEN ID: a unique identifying number issued to an individual. Although there is no requirement to obtain a FinCEN ID, doing so can simplify the reporting process. An individual BO or company applicant's FinCEN ID can be reported instead of the required information about the individual (similar to frequent flyer number for airlines).
- Is there an annual reporting requirement? No. However, you have only 30 days to file an updated report if anyone who was previously listed as a beneficial owner or company applicant changes their legal name or mailing address. Revised documents with proof of the change must also be uploaded, i.e. photo of new driver's license or passport.
- Is there a cost for filing my report? No. The cost is free and can be done online.
- What is the penalty for individuals who don't file a report? Any person who willfully violates BOI reporting requirements can be fined up to \$500 for each day that the violation continues or up to two years imprisonment .

Find more FAQs at fincen.gov/boi-faqs



BENEFICIAL
OWNERSHIP INFORMATION

Is my company considered a “reporting company”?



Is my company EXEMPT from the reporting requirements?

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 advisor
11. Venture capital fund advisor
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 in a tax-exempt entity
21. Large operating company
— (20+ employees & \$5 million revenue)
22. Subsidiary of certain exempt companies
23. Inactive entity

Why are these companies exempt?

1. to prevent duplicative reporting burdens for entities already complying with federal regulations.
2. to focus the CTA's reporting requirements on entities more susceptible to misuse for illicit activities.

Who is a beneficial owner of my company?

Any individual who:

- Exercises *substantial control*;
- or
- owns at least 25% of the *ownership interests* of a reporting company.

Substantial Control Test



SENIOR OFFICER

any individual holding the position or exercising the authority of a:

1. President
2. Chief financial officer (CFO)
3. General counsel (GC)
4. Chief executive officer (CEO)
5. Chief operating officer (COO)

or any other officer, regardless of official title, who performs a similar function as these officers



APPOINTMENT OR REMOVAL AUTHORITY

any individual with the ability to appoint or remove any **SENIOR OFFICER** or a majority of the board of directors or similar body



IMPORTANT DECISION-MAKER

any individual who directs, determines, or has substantial influence over important decisions made by the reporting company, including decisions regarding the reporting company's:

1. **Business**, such as:
 - Nature, scope, and attributes of the business
 - The selection or termination of business lines or ventures, or geographic focus
 - The entry into or termination, or the fulfillment or non-fulfillment, of significant contracts
2. **Finances**, such as:
 - Sale, lease, mortgage, or other transfer of any principal assets
 - Major expenditures or investments, issuances of any equity, incurrence of any significant debt, or approval of the operating budget
 - Compensation schemes and incentive programs for senior officers
3. **Structure**, such as:
 - Reorganization, dissolution, or merger
 - Amendments of any substantial governance documents of the reporting company, including the articles of incorporation or similar formation documents, bylaws, and significant policies or procedures



CATCH-ALL

any other form of substantial control over the reporting company. Control exercised in new and unique ways can still be substantial. For example, flexible corporate structures may have different indicators of control than the indicators included here

Ownership Interest Test



EQUITY, STOCK, OR VOTING RIGHTS

any interest classified as stock or anything similar, regardless whether it confers voting power or voting rights, and even if the interest is transferable

EXAMPLES include:

- equity, stock, or similar instrument
- preorganization certificate or subscription
- transferable share of, or voting trust certificate or certificate of deposit for, an equity security, interest in a joint venture, or certificate of interest in a business trust



CAPITAL OR PROFIT INTEREST

any interest in the assets or profits of a company organized as an LLC, which is similar to stock in a corporation and sometimes referred to as a 'unit'



CONVERTIBLE INSTRUMENTS

any instrument convertible into **equity, stock, or voting rights** or **capital or profit interest**, whether or not anything needs to be paid to exercise the conversion. The **RELATED** items are also ownership interests:

- any future on any convertible instrument
- any warrant or right to purchase, sell, or subscribe to a share or interest in **equity, stock, or voting rights** or **capital or profit interest**, even if such warrant or right is a debt



OPTION OR PRIVILEGE

any put, call, straddle, or other option or privilege of buying or selling **equity, stock, or voting rights, capital or profit interest, or convertible instruments**, EXCEPT if the option or privilege is created and held by others without the knowledge or involvement of the reporting company



CATCH-ALL

any other instrument, contract, arrangement, understanding, relationship, or mechanism used to establish ownership

If an individual is found to have substantial control or at least a 25% ownership interest in a reporting company then that individual's information must be reported to FinCEN.

1. Full legal name
2. Date of birth
3. Current physical address
4. Unique identifying number from: U.S. Passport, Driver's License, or state ID document
5. AND upload a copy of said document containing the unique identifying number.

Who is a company applicant at my company?

Required to report at least one, and at most, two **individuals**.

Applicant category 1: Direct filer



Always required

The individual who directly, physically or electronically, filed the document that created the reporting company (i.e. business owner, employee)

Applicant Category 2: Directs or controls the filing action

The other possible applicant is the individual who was primarily responsible for directing or controlling the filing (i.e. attorney)