



To our Clients and Friends,

The Corporate Transparency Act (signed into law on January 1, 2021) expanded anti-money laundering laws and created new reporting requirements for certain companies doing business in the US. Beginning in 2024, many small businesses are required to report information about their beneficial owners to the Financial Crimes Enforcement Network (FinCEN). While RFC will not provide reporting services, we are providing this memo as a notification and summary guidance to assist your business in complying with these regulations.

### **Companies that Must File**

Both domestic and foreign reporting companies are required to file reports. A company is considered a reporting company if a document was filed with the secretary of state (SOS) or similar office to create or register the entity. Corporations (including S corporations), LLCs, and other entities formed through the SOS are subject to the reporting requirements.

Some companies are exempt from reporting. A list of exemptions can be found at <https://fincen.gov/boi-faqs>.

### **What Information Must be Provided**

Beneficial ownership information (BOI) must be reported for the reporting company's beneficial owners and (for entities formed or registered after 2023) company applicants. BOI includes an individual's full legal name, date of birth, street address and a unique ID number. The unique ID number can be from a non-expired US passport, state driver's license, or other government-issued ID card. If the individual does not have any of those documents, then a non-expired foreign passport can be used. An image of the document showing the unique ID number must also be included with the report.

### **Beneficial Owners**

Two groups of individuals are considered beneficial owners of a reporting company and must provide the information described above: (1) any individual who directly or indirectly owns or controls at least 25% of the ownership interests of the reporting company; or (2) any individual who exercises substantial control over the reporting company.

### **Important Filing Dates**

For existing reporting companies created or registered before 2024, the initial report is due by January 1, 2025. For reporting companies created or registered in 2024, the initial report is due 90 days after the entity's creation or registration. For reporting companies created or registered after 2024, the initial report is due 30 days after the entity's creation or registration.

If there is a change to previously reported information about the reporting company or its beneficial owners, an updated report must be filed within 30 days of the change. The penalties for willfully failing to file both initial and updated reports are steep-\$500 per day that the report is late, up to \$10,000 and imprisonment for up to two years.

## How to File

BOI reports must be filed electronically. FinCEN's e-filing portal, available at <https://boiefiling.fincen.gov/>, provides two methods to submit a report: (1) by filling out a web-based version of the form and submitting it online, or (2) by uploading a completed PDF version of the BOI report. The person who submits the BOI report will need to provide their name and email address to FinCEN. There is no fee for filing the report.

If you have any questions about these new reporting rules and how they affect your business, we recommend you consult with your legal counsel. Additionally, FinCEN has a Small Entity Compliance Guide and frequently asked questions to help guide businesses through the reporting requirements available or consult the resources from FinCEN. These are available at <https://www.fincen.gov/boi/small-business-resources>.

# Beneficial Ownership Information

## Do I have to report?



\*Full Time Employees (FTEs) – defined as, with respect to a calendar month, an employee who is employed to work an average of at least 30 hours of service per week with an employer.

\*\*\*Specified Industries are as follows: Tax Exempt Entities, Securities Reporting Issuer, Governmental Authority, Bank, Credit Union, Depository Institution Holding Company, Money Transmitter Business, Broker or Dealer in Securities Exchange or Clearing Agency, Other Exchange Act Registered Entity, Investment Company or Investment Adviser, Venture Capital Fund Adviser, Insurance Company, State Licensed Insurance Provider, Commodity Exchange Act Registered Entity, Accounting Firm, Public Utility, Financial Market Utility, Pooled Investment Vehicle, Entity Assisting a Tax-Exempt Entity, Large Operating Company, Subsidiary of Certain Exempt Entities, and Inactive Entity.

*This flowchart does not represent legal advice and accordingly all inquiries should be directed to legal counsel.*