

Top 10 FAQs on Beneficial Ownership Reporting

What is beneficial ownership?

Beneficial ownership refers to the person(s) who ultimately own, control, or receive profits from an entity, such as a company or trust, even if they are not the listed owner. This term often applies in financial and legal contexts to identify those who have power over an entity.

Why do companies have to report beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN)?

In 2021, Congress passed the Corporate Transparency Act (CTA). This new law creates a new beneficial ownership information reporting requirement as part of the U.S. government's efforts to make it harder for bad actors to hide or benefit from their ill-gotten gains through shell companies or other unclear ownership structures.

How is beneficial ownership determined?

A beneficial owner, under the CTA, is an individual who either exercises substantial control over a reporting company or owns/controls of at least 25% of its ownership interests. Detailed regulations further define terms such as "substantial control" and "ownership interest."

The detailed CTA [regulations](#) define the terms "substantial control" and "ownership interest" further.

Who is responsible for providing beneficial ownership information?

Typically, the responsibility lies with the entity itself (e.g., a corporation or LLC) to gather and report beneficial ownership information.

What information must be reported?

- The individual name
- Date of birth
- Residential address (No P.O. BOX); and
- An identification number from an acceptable document such as a passport or U.S. driver's license (current)
- Legal name of business, including any trade names, "doing business as"
- Current street address of principal place of business if that address is in the US
- Jurisdiction of formation
- Taxpayer identification number



Is there a due date when businesses must file the initial beneficial reports?

A reporting company created or registered to do business before January 1, 2024, will have until January 1, 2025, to file its initial beneficial ownership report.

A reporting company created or registered on or after January 1, 2024, and before January 1, 2025, will have 90 calendar days after receiving notice of the company's creation or registration to file its initial BOI report.

Reporting companies created or registered on or after January 1, 2025, will have 30 calendar days to file their initial BOI reports.

How can I file my initial beneficial ownership information reporting?

By going to FinCEN's BOI E-Filing website <https://boiefiling.fincen.gov> and select "File BOIR."

What happens where there is a change to the information of a previously filed report?

If there is any change to the required information about the reported company or its beneficial owners, the reported company must file an updated BOI report no later than 30 days after the date on which the change occurred.

Are there penalties for non-compliance?

Non-compliance with BOI reporting may result in severe penalties, including criminal and civil fines of up to \$10,000 per day and potential jail time. Understanding the reporting requirements and ensuring timely and accurate submissions is crucial for businesses to avoid these consequences.

Is there a requirement to annually report beneficial ownership information?

No. There is no annual reporting requirement. Reporting companies must file an initial BOI report and updated or corrected BOI reports as needed.

