

FREQUENTLY ASKED QUESTIONS ON BENEFICIAL OWNERSHIP INFORMATION (BOI)



What is beneficial ownership information?

Beneficial ownership refers to the individuals who ultimately own or control a legal entity, along with the individuals who take the steps to create or register that entity. New regulations have been issued by FinCEN requiring companies created or registered in the US to disclose their beneficial ownership information (BOI) for transparency and accountability.

Who is considered a beneficial owner of a reporting company?

A beneficial owner is any individual who, directly or indirectly, either (1) exerts "substantial control" over a reporting company, or (2) maintains ownership or control over at least 25% of the "ownership interests" of a reporting company.

Who qualifies as a company applicant for a reporting company?

Company applicants include the individual who directly files the document to initially create the domestic reporting company or register the foreign reporting company to do business in the US, along with any individual primarily responsible for directing that filing. Reporting companies formed or registered on or after January 1, 2024, will have to report 1-2 company applicants, while those formed or registered prior to that date need not report their company applicants.

Is BOI filing an annual event?

It is not an annual event, but it cannot be considered one-and-done either. Only the initial filing is required unless there is a change or an error in the information filed. Whenever a relevant change occurs in the information regarding the reporting company or its beneficial owners, an updated filing is required within 30 days. Corrections to erroneous information must also be filed within 30 days of their discovery.

When will FinCEN start accepting BOI reports?

FinCEN will begin accepting BOI reports digitally on January 1, 2024.

What companies are required to report BOI?

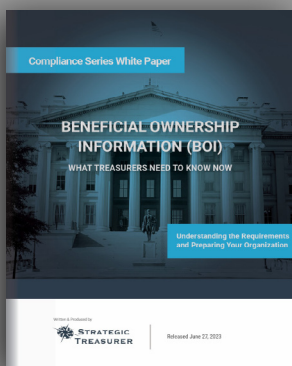
Unless a company meets one of several exemptions, any domestic or foreign corporation, limited liability company (LLC), or other entity (such as a limited liability partnership or limited partnership) that is created or registered in the US qualifies as a "reporting company" and must report BOI.

How much time will a legal entity or company have to report BOI to FinCEN?

A reporting company created or registered to do business in the US before January 1, 2024, will have until January 1, 2025, to submit its initial BOI report. A reporting company formed or registered to do business in the US on or after January 1, 2024, will have 30 calendar days to file its initial BOI report. This 30-day timeframe starts either from the moment the entity receives official notification of its effective creation/registration or after a secretary of state or similar office first provides public notice of its creation or registration, whichever is earlier.

In addition to information about its beneficial owners, will a reporting company need to report any other information?

Yes. However, the information that needs to be reported is determined by when the reporting company was formed or registered. A reporting company created or registered to do business in the US before January 1, 2024, only needs to report information about itself and its beneficial owners. If a reporting company is created or registered to do business in the US on or after January 1, 2024, it must provide information about itself, its beneficial owners, and its company applicants.



Want to know more or have a question that wasn't answered?

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