



IMPORTANT:

New BOI Form Requirements for Beneficial Owners

Beneficial owners (BO) are broadly defined and involve owners who directly or indirectly own more than 25% of the entity's ownership interests or exercise substantial control over the reporting company (even if they don't have an ownership interest). While this may seem to only impact a few significant owners, it can encompass many senior officers of the business as well as those individuals who are involved in any significant business decisions (e.g., board members).

Given the severity of the fines, it may be safer to err on the side of overinclusion rather than under inclusion. If you are unsure, contact Jeanne Mann for her counsel. Please understand the importance of talking with Jeanne regarding navigating these reporting requirements.

The information below highlights some of the significant points in complying with the new regulations for BOR.

Effective Date and Filing Obligations:

- Newly formed entities (corporations, LLCs, limited partnerships, etc.) must file a report with FinCEN.
- Existing entities before January 1, 2024, begin filing on January 1, 2025.

Anti-Money Laundering and Anti-Tax Evasion Efforts:

- Initiative to combat money laundering and tax evasion.
- Targets shell companies used for concealing funds.

Reporting Entities and Individuals:

- Must report beneficial owners with more than 25% ownership or substantial control.
- Applies to senior officers and those involved in significant business decisions.

Penalties for Non-Compliance:

- Willful failure to report or update information incurs fines (up to \$500/day).
- Criminal charges may lead to fines up to \$10,000 and/or two years imprisonment.
- Penalties apply to beneficial owners, the entity, and the person completing the report.

Definition of Beneficial Owners:

- Owners with over 25% ownership or substantial control.
- Broadly includes senior officers and those influencing business decisions.

Reporting for Entities Formed After 2023:

- Information required for company applicants (formation/registration filers).
- Extensive details needed for beneficial owners.

Information Required for Beneficial Owners:

- Legal name, residential address, date of birth, unique identifier from a valid passport, driver's license, or state ID.
- Image of documentation required for all beneficial owners.

Filing Deadline:

- Most entities must file by January 1, 2025.
- Entities formed in 2024 and later may have a 90-day filing deadline.

Changes and Updates:

- Changes to beneficial owner information must be reported within 30 days.
- Includes changes in address, name, passport number, or renewal of driver's license.

Meeting Importance:

- Urgent need to discuss potential beneficial owners and establish systems for keeping information current.
- Advises contacting the office promptly to schedule a discussion.

Please note Mann & Associates will not be filing these documents, but Jeanne will advise clients if they schedule a call to discuss whether they likely need to file. If so, Jeanne will be happy to refer clients to a 3rd party to do so.