



June 27, 2024

Beneficial Ownership Information (BOI) Reporting Requirement

Under the Corporate Transparency Act (CTA) signed on January 1, 2021, now expanded anti-money laundering laws and created new reporting requirements.

Starting January 1, 2024, many companies are required to file a Beneficial Ownership Information (BOI) report with the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) providing specified information regarding the entity's "Beneficial owners." This is part of the federal government's anti-money laundering and anti-tax evasion efforts to look beyond shell companies that are set up to hide money.

Who Must File

Reporting Companies include domestic and foreign corporations, limited liability companies (LLCs), and other types of companies created by filing with a Secretary of State ("SOS") or similar office to register to do business in the United States.

Reporting Companies do not include the following types of entities that do not file documentation with a Secretary of State or similar authority: general partnerships, sole proprietorships, and trusts.

Some companies are exempt from reporting.

Entities that are tax-exempt, large operating companies, and/or a subsidiary of other exempt entities will not be required to file a BOI Report.

A "large operating company" is a company with • at least 20 full-time employees in the US; • an operating presence with a physical office in the US, and • more than \$5,000,000 in gross sales or receipts (excluding gross receipts or sales outside of the US) as reported on the company's applicable IRS Form for reporting its taxes.

What Information Must be Provided

The BOI report discloses information about the reporting entity's beneficial owners, such as Name, Address, ID numbers from US passport, State issued Driver license or ID, etc.

Beneficial Owners

Individuals who either directly or indirectly:

- Owns or controls at least 25% of the reporting company's ownership interests.
- Exercises substantial control over the reporting company (President, CFO, general counsel, CEO, COO, and any other officer who performs a similar function)



Filing Due Dates

- Entities formed prior to January 1, 2024 – File by January 1, 2025
- Entities formed in 2024 – File within 90 days from the entity's formation/registration.
- Entities formed after 2024 – File within 30 days of the entity's formation/registration.
- Updated report (such as to report changes in ownership) – File within 30 days of the change

Failure to comply with the statutorily mandated reporting for filing initial or updated reports by due dates could result in a \$500-per-day penalty (up to \$10,000) and up to two years of imprisonment.

How to File

BOI reports must be filed electronically.

There are following options: Direct Filing, Fillable PDF, and 3rd Party service company.

1. FinCEN's e-filing portal, available at <https://boiefiling.fincen.gov/fileboir>, 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.
2. Some third-party service providers may also offer the ability to file the BOI report through their software. The person who submits the BOI report will need to provide their name and email address to FinCEN.

Reach out to a qualified legal advisor:

The CTA reporting requirements are fundamentally non-tax, legal provisions. They are not tax reporting requirements (Title 26), but are instead intended to address money laundering, terrorist financing, and other illicit activity (Title 31). They are also distinct from FBAR filings, which are considered an integral part of U.S. tax compliance and are enforced by the IRS.

The obligation to file a BOI report (and update when necessary) is solely with the Reporting Company.

We strongly encourage you to consult with a qualified legal advisor with expertise in this area to assist your organization with the steps necessary to ensure compliance.

Additional information can be found on the FinCEN website at <https://www.fincen.gov/boi>.

Prospera Accountancy Group LLP is not a law firm, does not practice law and does not perform legal services. As such, we are not able to prepare or electronically submit BOI reports or consult on any technical questions related to the BOI reporting requirements.