

‘Enormous Chaos and Confusion’: Do You Need to File a B0I Report? After Another New Ruling, Here’s What Business Owners Need to Know.



Millions of small businesses have yet to file a Beneficial Ownership Information (B0I) Report, a document that identifies who owns a business by providing personal details like names, addresses, and dates of birth, and it’s due in a couple of weeks—or is it?

That’s what business owners want to know as the report’s legality continues to make its way through the courts.

B0I reporting is required as part of the Corporate Transparency Act (CTA), which went into effect in January 2024, but its legality is still being worked out. And this week has been a game of ping pong.

On Monday, the U.S. Court of Appeals for the Fifth Circuit allowed the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) to enforce B0I reporting after a judge for the U.S. District Court for the Eastern District of Texas prevented FinCEN from enforcing it earlier this month.

The ruling prompted the Treasury Department to push the deadline to file a B0I report from January 1 to January 13.

However, on Thursday, the court reversed course and blocked B0I reporting requirements while it looked more deeply into the case.

So can business owners who haven't filed yet breathe a sigh of relief or should they stick to the January 13 deadline?

As of December 1, the federal government had only received 9.5 million B0I filings, or about 30% of the 32.6 million total expected, per CNBC. If the current deadline is enforced, failing to file the B0I report could cost small businesses up to \$591 per day, up to \$10,000 in fines, and up to two years in prison.

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"Since being told earlier this week that they must urgently submit their B0I reports, our nation's small businesses have experienced enormous chaos and confusion," said Rob Smith, senior attorney of the National Federation of Independent Business's Small Business Legal Center, in a press release. "Thankfully, the court's latest decision recognizes that the CTA and B0I reporting requirements pose serious constitutional questions."

Is a B0I report still required?

On Friday, the U.S. Court of Appeals for the Fifth Circuit stopped the federal government from enforcing B0I reporting requirements.

The B0I report is currently not required as the matter works through the courts.

Who will be required to file a B0I report?

If the court allows for enforcement of B0I reports in the future, some entities will be required to file.

Corporations, limited liability companies (LLCs), or entities that were created in the U.S. by filing a document with a secretary of state or similar office will be required to file. Companies based overseas registered to do business in the U.S. will also be required to file.

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What is required in a B0I report?

The B0I report details who directly or indirectly owns a company by making company ownership structures more transparent. It aims to prevent crimes like money laundering and fraud by clarifying who owns the company.

In order to fill one out, companies have to provide their legal name, any trade names, principal place of business address, jurisdiction of formation or registration, and taxpayer ID number. They also have to provide the details of each beneficial owner, including full legal name, date of birth, residential address, and unique identifier from a

government ID.

All BOI reports are filed through FinCEN and there is no fee to file. FinCEN offers a demo under 5 minutes long walking through how to file the report.

Mark J. Kohler, who provides tax and legal advice for small business owners, said in an Instagram video posted earlier this week that “none of this is hard to do yourself.”

<https://www.entrepreneur.com/business-news/is-a-boi-report-mandatory-court-action-blocks-enforcement/484965>