Not Filing This New Mandatory Report Could Cost Your Business $500 Per Day

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Business owners across the United States may be shocked to hear that they are required to submit a new mandatory report to the US Department of the Treasury from 2024 onward. While businesses that existed prior to 2024 have until the end of the year to file this report, new businesses starting in 2024 only have a few days to file.

The penalty for not filing? A hefty fee that can accrue as much as $500 per day in fines.

In 2021, the Corporate Transparency Act was signed into law, a bipartisan bill that created a new reporting requirement for businesses to declare their beneficial ownership information. The new Beneficial Ownership Information Report (BOI) stores the information of the beneficial owners in a secure private database “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 opaque ownership structures.”

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How do I determine if my company is

required to file a BOI report?

Two categories exist for companies required to report: domestic reporting companies and foreign reporting companies. Domestic companies are those who have formed their company under United States laws, both laws of the states as well as laws of native american tribes. If the company was formed by filing a document with the US Secretary of State or a similar office under the law of a native American tribe, then that company will be a reporting company unless they have an exemption. Similarly, if a foreign company has registered by filing a document with the US Secretary of State or a similar office of a native American tribe, they are also a reporting company.

Are any types of businesses exempt from filing?

There are several types of businesses that are not required to file a BOI report. FinCEN's compliance guide includes the following types of businesses in their list of those exempt from filing:

- Securities reporting issuer
- Governmental authority
- Bank
- Credit union
- Depository institution holding company
- Money services business
- Broker or dealer in securities
- Securities exchange or clearing agency
- Other Exchange Act registered entity
- An investment company or investment adviser
- Venture capital fund adviser
- Insurance company
- State-licensed insurance producer

- Commodity Exchange Act registered entity
- Accounting firm
- Public utility
- Financial market utility
- Pooled investment vehicle
- Tax-exempt entity
- Entity assisting a tax-exempt entity
- Large operating company
- Subsidiary of certain exempt entities
- Inactive entity

I’m a sole proprietor, do I need to file?

No, in most cases, sole proprietors are not required to file a BOI report UNLESS they have filed a document with the Secretary of State’s office. Registering a ‘Doing Business As’ (DBA) or fictitious business name, obtaining an employer identification number from the IRS (EIN), obtaining a seller’s permit, or registering for a business license does *not* make you a reporting company.

I’m a single-member LLC. Do I need to file?

In most cases, yes. If you are a single-member LLC, you must file a BOI report unless you are a company listed as exempt (see above). Because LLCs are required to register with the Secretary of State, you are determined to be a reporting company and required to file a BOI report unless you are listed as exempt.

Related: How to Structure a Single Member LLC

Where and how often do I file?

The BOI report is filed using FinCEN's BOI E-filing website, which began accepting reports in January of 2024. The BOI Report is filed once and updated when you have a change in your company's information

When must businesses file?

FinCEN states:

"FinCEN began accepting reports on January 1, 2024.
• If your company was created or registered before January 1, 2024, you will have
until January 1, 2025, to report BOI.
• If your company is created or registered in 2024, you must report BOI within 90
calendar days after receiving actual or public notice that your company's creation
or registration is effective, whichever is earlier.
• If your company is created or registered on or after January 1, 2025, you must file
BOI within 30 calendar days after receiving actual or public notice that its creation
or registration is effective.
• Any updates or corrections to beneficial ownership information that you
previously filed with FinCEN must be submitted within 30 days."

Information from BOI Informational Brochure, updated April 2024.

Does filing my BOI report cost

anything?

There is no fee associated with filing your BOI report. Be aware that some third-party organizations may offer to file this report professionally for you on your behalf and charge a fee for their services. However, the BOI report can be filed directly with FinCEN’s online reporting system free of charge.

What happens if I don’t file a BOI report?

If you fail to submit your BOI report and willfully violate the reporting requirement, you will be subject to civil penalties of up to $500 per day for the duration of the violation (adjusted for inflation) and may also be subject to criminal penalties, including up to two years of imprisonment along with a fine of up to $10,000.

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