

# New Reporting Required for Certain Legal Entities: Does It Apply to You?

Effective Jan. 1, 2024, a new reporting requirement will require millions of entities to electronically file a Beneficial Ownership Information (BOI) report with the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN). Every LLC, partnership or corporate owner needs to know about this reporting requirement, because noncompliance could result in severe penalties.

## Who Is Required to File a BOI Report?

- Any domestic and foreign entities that have filed formation or registration documents with a U.S. state (or Indian tribe) unless they meet one of 23 exceptions. The filing of this report is required for any entity that is a limited liability company, limited partnership, general partnership, S corporation, C corporation or business trust. It is important to note that the filing requirement includes limited liability companies that have just one member and are sole proprietorship, rental activities or farm entities.

## Who Is Exempt From Filing?

- Large operating entities that meet the following criteria:
  - Employ more than 20 people in the U.S.
  - Had gross revenues over \$5 million on the prior-year tax return.
  - Are physically located in the U.S.
- Charitable organizations
- Businesses that are heavily regulated by the federal government, including financial, insurance and accounting firms, banks and credit unions, most publicly traded companies and other entities subject to similar registration and regulations by other federal laws

## When Must Companies File?

- Existing entities (created/registered before Jan. 1, 2024) must file by Jan. 1, 2025.

- New entities (created/registered after Jan. 1, 2024) must file within 90 days of business registration.
- Subsequent changes or corrections to previously reported information must be filed within 30 days.

## What Information Needs to Be Reported?

- In addition to general business information, each company must report details on its beneficial owners, including name, date of birth, address and a unique identifying number such as a driver's license, passport, etc., with an image of such document.

## Who Is Considered a Beneficial Owner?

- Anyone who owns or controls 25% or more of the ownership interests or directly or indirectly exercises substantial control over the entity.

## What Are the Penalties for Noncompliance?

- Civil penalties include \$500 per day for as long as a violation continues.
- Criminal penalties include a \$10,000 fine and/or up to two years of imprisonment.

We recommend that you contact your corporate or business attorney regarding your potential filing requirements for this informational report. Additional information and filing updates can also be found on the FinCEN website at [www.fincen.gov/boi](http://www.fincen.gov/boi).

## For more information visit: [marinerwealthadvisors.com](https://marinerwealthadvisors.com)

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