



Beneficial Ownership Information Reporting: Know How and When to Report Your Business Information



Today's Guest Speakers



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Assistance for Your Small Business

- Confidential One-on-One Counseling (No fee)
- Business Plan Development
- Lender Readiness
- SBA Loan Assistance
- Financial Education - Cash Flow Analysis
- Marketing -Social Media Strategies
- Export Assistance
- Government Contracting Support
- Veterans Assistance
- Business Certification Assistance
- Advancing Entrepreneurs Ready for Opportunities (AERO)



Disclaimer

The information shared in this webinar is for general informational purposes only. While we strive to keep the information up to date and accurate, we make no representations of any kind, express or implied, about the completeness or accuracy of the information provided.

For additional information, refer to the Financial Crimes Enforcement Network, or FinCEN, a bureau within the U.S. Department of the Treasury at www.fincen.gov/boi.

Today's Topics



WHY do businesses need to report?

Who must report?

What information will be reported?

When must reports be submitted?

How does a business submit their information?

Resources to learn more.

WHY do businesses need to report?

The Corporate Transparency Act (CTA) was enacted by Congress in 2021.

This law creates a beneficial ownership information reporting requirement designed to make it harder for bad actors to use shell companies to hide their ill-gotten gains and to help law enforcement identify who is behind these bad companies.

Companies will report their beneficial ownership information to the Financial Crimes Enforcement Network, or FinCEN, a bureau within the U.S. Department of the Treasury.



U.S. Department of the Treasury
Financial Crimes Enforcement Network
www.fincen.gov/boi

WHO must report?

Domestic Reporting Company

A corporation, limited liability company, or any other entity created by the filing of a document with a secretary of state or similar office.

Foreign Reporting Company

A corporation, LLC, or other entity formed under the law of a foreign country that is registered to do business in the U.S. by the filing of a document with a secretary of state or similar office.

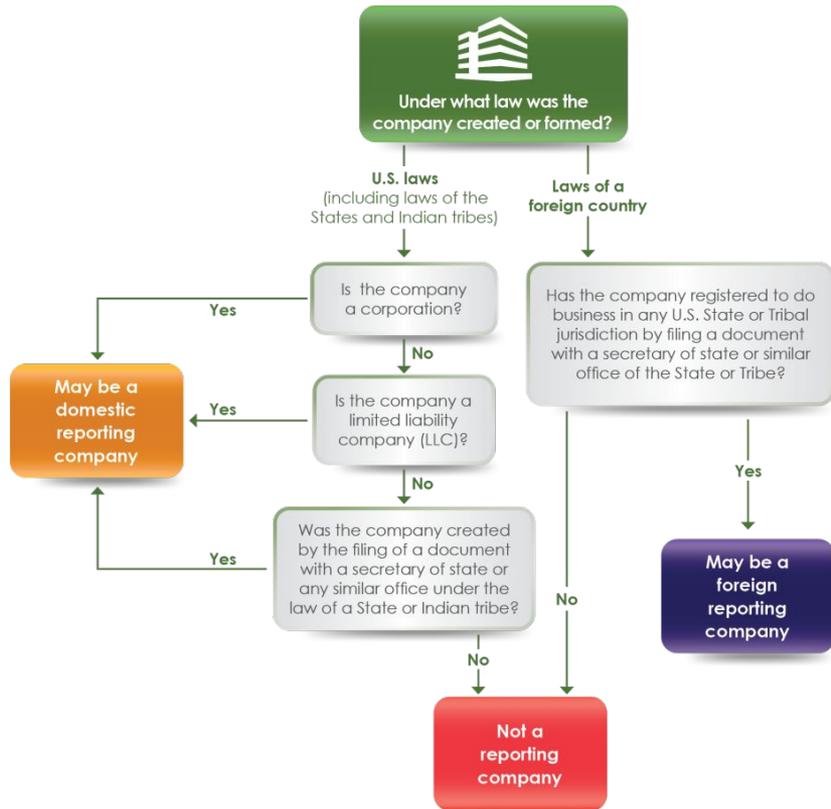
Non-Reporting Companies

Entities that are not created by filing with a secretary of state. E.g. sole proprietorships, certain trusts.

Exempt Companies

Exempt companies include banks, credit unions, tax-exempt entities, public utilities, and certain large companies. Refer to the Small Entity Compliance Guide for examples.

The **Small Entity Compliance Guide** provides resources to help you identify if you are a reporting company. www.fincen.gov/boi



Exemption No.	Exemption Short Title
1	Securities reporting issuer
2	Governmental authority
3	Bank
4	Credit union
5	Depository institution holding company
6	Money services business
7	Broker or dealer in securities
8	Securities exchange or clearing agency
9	Other Exchange Act registered entity
10	Investment company or investment adviser
11	Venture capital fund adviser
12	Insurance company
13	State-licensed insurance producer
14	Commodity Exchange Act registered entity
15	Accounting firm
16	Public utility
17	Financial market utility
18	Pooled investment vehicle
19	Tax-exempt entity
20	Entity assisting a tax-exempt entity
21	Large operating company
22	Subsidiary of certain exempt entities
23	Inactive entity

Beneficial Owners

A beneficial owner is any individual who directly or indirectly:

- Owns or controls at least 25 percent of the **ownership interests** of a reporting company; OR
- Exercises **substantial control** over a reporting company.

An individual might be a beneficial owner by virtue of their substantial control, ownership interests, or both.

There are several exceptions to the beneficial owner definition:

- ✓ Minor child
- ✓ Nominee
- ✓ Intermediary
- ✓ Custodian
- ✓ Agent
- ✓ Employee
- ✓ Inheritor
- ✓ Creditor

Small Entity
Compliance Guide



Available at
www.fincen.gov/boi

Beneficial Owners

A beneficial owner is any individual who directly or indirectly:

- Owns or controls at least 25 percent of the **ownership interests** of a reporting company;
OR
- Exercises **substantial control** over a reporting company.

Ownership interest includes:

- ✓ Equity stock, or voting rights
- ✓ Capital or profit interest
- ✓ Convertible instruments
- ✓ Options or privileges
- ✓ Any other instrument, contract, or mechanism used to establish ownership

An individual exercises **substantial control** if the individual meets any of four general criteria:

- ✓ The individual is a senior officer.
- ✓ The individual has the authority to appoint or remove certain officers or a majority of directors of the reporting company.
- ✓ The individual is an important decision-maker.
- ✓ The individual has any other form of substantial control over the reporting company.

SUBSTANTIAL CONTROL



SENIOR OFFICER

any individual holding the position or exercising the authority of a:

1. President
2. Chief financial officer (CFO)
3. General counsel (GC)
4. Chief executive officer (CEO)
5. Chief operating officer (COO)

or any other officer, regardless of official title, who performs a similar function as these officers



APPOINTMENT OR REMOVAL AUTHORITY

any individual with the ability to appoint or remove any **SENIOR OFFICER** or a majority of the board of directors or similar body



IMPORTANT DECISION-MAKER

any individual who directs, determines, or has substantial influence over important decisions made by the reporting company, including decisions regarding the reporting company's:

1. **Business**, such as:
 - Nature, scope, and attributes of the business
 - The selection or termination of business lines or ventures, or geographic focus
 - The entry into or termination, or the fulfillment or non-fulfillment, of significant contracts
2. **Finances**, such as:
 - Sale, lease, mortgage, or other transfer of any principal assets
 - Major expenditures or investments, issuances of any equity, incurrence of any significant debt, or approval of the operating budget
 - Compensation schemes and incentive programs for senior officers
3. **Structure**, such as:
 - Reorganization, dissolution, or merger
 - Amendments of any substantial governance documents of the reporting company, including the articles of incorporation or similar formation documents, bylaws, and significant policies or procedures



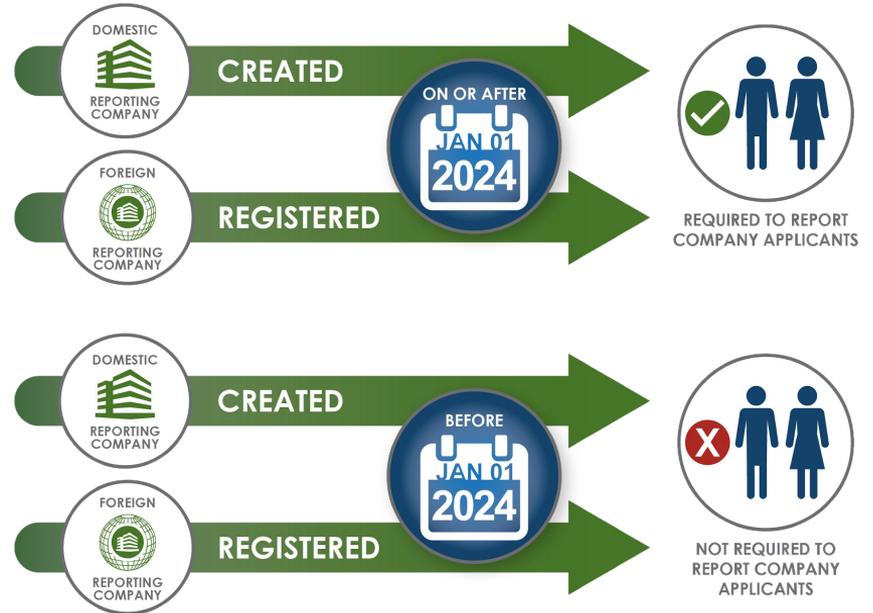
CATCH-ALL

any other form of substantial control over the reporting company. Control exercised in new and unique ways can still be substantial. For example, flexible corporate structures may have different indicators of control than the indicators included here

Company Applicants

Company applicants are individual(s) who:

- Directly file the document that created or first registered a domestic or foreign reporting company.
- Was primarily responsible for directing or controlling the filing of the creation or first registration document.



WHAT information is reported?

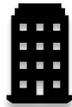
A reporting company must provide information about itself.



Legal Business Name



Any Trade Name or any “Doing Business As” (DBA)



Complete U.S. Business Address



State, Tribal or Foreign Jurisdiction of Formation



For foreign reporting company: State or Tribal Jurisdiction of First Registration



IRS Taxpayer Identification (TIN) and Employer Identification Number (EIN) or Foreign Tax ID

WHAT information is reported?

A reporting company must provide information about its beneficial owners and company applicants.



Name

Date of Birth

Address

Identifying Number*

* Identifying number and issuing jurisdiction from a non-expired driver's license, U.S. passport, or an identification document issued by a State, local government, or Indian Tribe, or a foreign passport (if none of the other documents exist); an image of the document must be provided.

WHEN must reports be submitted?

INITIAL REPORTS

Required by all companies that meet the definition of **reporting company** and are not **exempt** from that definition.



Existing reporting companies

Created or registered to do business in the United States before January 1, 2024.

Reports due by **January 1, 2025**.



New reporting companies

Created or registered to do business in the United States on or after January 1, 2024.

Reporting companies created or registered **on or after January 1, 2024** and **before January 1, 2025**, have **90 calendar days** after receiving actual or public notice that their company's creation or registration is effective to file their initial BOI reports.

Reporting companies created or registered **on or after January 1, 2025**, will have **30 calendar days** from receipt of actual or public notice that their creation or registration is effective to file their initial BOI reports.

HOW to file the BOI report?

Electronically file your company's initial BOI report via www.fincen.gov/boi.

- Report any changes to beneficial owner information on a submitted BOI report.
- Report any inaccuracies on a submitted BOI report.

The screenshot shows the homepage of the Financial Crimes Enforcement Network (FinCEN) BOI E-Filing System. At the top left is the FinCEN logo, followed by the text "FINANCIAL CRIMES ENFORCEMENT NETWORK". Below this is a dark blue navigation bar with the links "BOI E-FILING", "FILE BOIR", and "HELP". The main content area is divided into several sections. On the left, a large white box with a blue border contains the heading "Welcome to the BOI E-Filing System" and a paragraph explaining that the system supports the electronic filing of BOIRs under the Corporate Transparency Act (CTA). Below this are two blue buttons: "File BOIR" (with a house icon) and "Help" (with a question mark icon). On the right, there are three white boxes with blue borders. The top one is for "Beneficial Ownership Information (BOI) Reporting" and includes a "GET STARTED" button. The middle one is for "Bank Secrecy Act (BSA) Reporting" and includes a "BSA E-FILING" button. The bottom one is titled "News & Announcements" and contains a date "Jan 04 2024" and a link to "Need assistance? Go to the Help section in the blue banner to find filing instructions and other guidance materials."

FINANCIAL CRIMES ENFORCEMENT NETWORK

BOI E-FILING | FILE BOIR | HELP

Welcome to the BOI E-Filing System

The BOI E-Filing System supports the electronic filing of the Beneficial Ownership Information Report (BOIR) under the Corporate Transparency Act (CTA). The CTA requires certain types of U.S. and foreign entities to report beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.

File BOIR
Need to file a BOIR? Click here!

Help
Looking for more information? Click here!

Beneficial Ownership Information (BOI) Reporting
Need to file a BOIR? Click here! **GET STARTED**

BSA E-Filing
Bank Secrecy Act (BSA) Reporting
Need to file another type of BSA report? Click here! **BSA E-FILING**

News & Announcements

Jan 04 2024
Need assistance? Go to the Help section in the blue banner to find filing instructions and other guidance materials.

Report Changes and Inaccuracies



UPDATED REPORTS

Required when there is a change to previously reported information about the reporting company itself or its beneficial owners.



Updated reports due within **30 calendar days** after a change occurs.



CORRECTED REPORTS

Required when previously reported information was inaccurate when filed and remains inaccurate.



Corrected reports due within **30 calendar days** after the reporting company becomes aware or has reason to know of an inaccuracy.

Consequences for not filing

FinCEN is working hard to ensure that reporting companies are aware of their obligations to report, update, and correct beneficial ownership information. FinCEN understands this is a new requirement.

If you correct a mistake or omission within 90 days of the deadline for the original report, you may avoid being penalized. However, you could face civil and criminal penalties if you disregard your beneficial ownership information reporting obligations.

Next Step Recommendations



The screenshot shows the official website of the Financial Crimes Enforcement Network (FinCEN). The header includes the U.S. Treasury Department seal and the text "FINANCIAL CRIMES ENFORCEMENT NETWORK". Below the header is a navigation menu with links for HOME, ABOUT, RESOURCES, NEWSROOM, CAREERS, ADVISORIES, and GLOSSARY. The main content area is titled "BENEFICIAL OWNERSHIP INFORMATION" and "Small Business Resources". It features several interactive elements: a "Small Entity Compliance Guide" icon, a "Frequently Asked Questions" icon, a "Quick Reference" icon, a "Short Introductory Video" icon, a "Need More Information? Chat With Us Here." icon, and a "Stayed Informed. Subscribe to FinCEN Updates." icon. There are also buttons for "BOI Homepage", "Reference Materials", "BOI Newsroom", "Get FinCEN News Updates", "Subscribe", "Beneficial Ownership Questions?", and "Contact FinCEN".

- Review FinCEN guidance information.
- Avoid scammers.
- Consult your trusted accountant, CPA, attorney or your local SBDC office for assistance.

Small Entity Compliance Guide



FinCEN Resources to Learn More

Visit the FinCEN's website at www.fincen.gov/boi for more information.

- Small Entity Compliance Guide
- Frequently Asked Questions (FAQs)
- Small Business Resources
- Introductory Videos
- Quick Reference Materials

Visit FinCen.gov to sign up for FinCEN's email subscription service to be notified of beneficial ownership updates.

Contact FinCEN at www.fincen.gov/contact.

Email: FRC@fincen.gov or call 1-800-767-2825.



U.S. Department of the Treasury
Financial Crimes Enforcement Network
www.fincen.gov/boi

Q & A

You have

Questions

We have

Answers

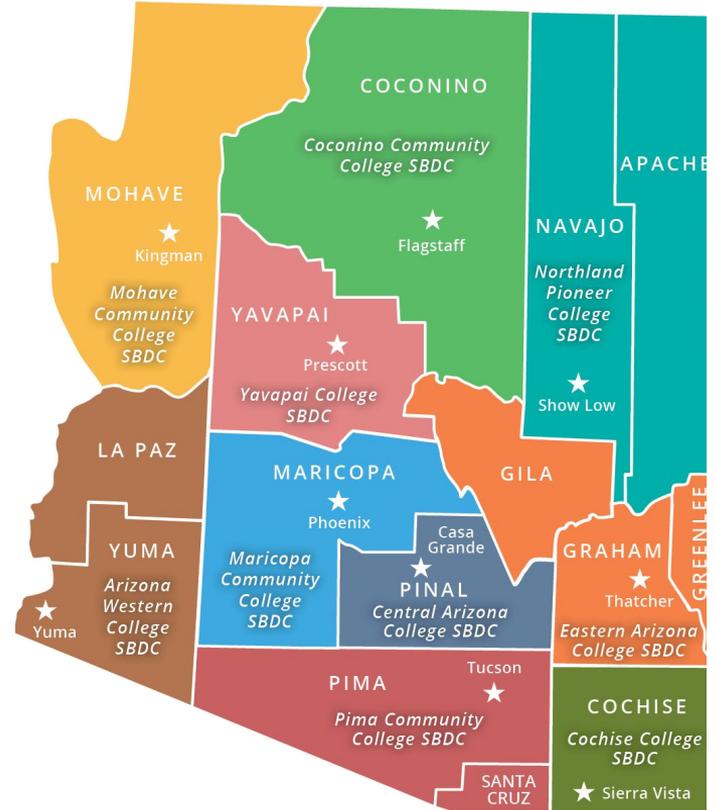
Request No Fee SBDC Counseling

Arizona's largest and most accessible statewide source of assistance for small businesses in every stage of development.

 **AZSBDC locations**

To learn more, visit

azsbdc.net/where-we-are



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Thank You



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