

# Customer Due Diligence – 2024 and Beyond

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**Community Bankers for Compliance  
4th Quarter 2023**

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[younginc.com](https://www.younginc.com)

131 East Main Street ♦ P.O. Box 711 ♦ Kent, OH 44240 | P 330.678.0524 ♦ F 330.678.6219

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# Section 1: 2024 Filing Requirements Beneficial Ownership

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FinCEN has created a web page to help your customers navigate the 2024 filing requirements for Beneficial Ownership info. It can be located at

<https://www.fincen.gov/boi>

## Section 2: Small Entity Compliance Guide BOI Reporting Requirements

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Please refer to “BOI Small Compliance Guide. You may click on the link or pdf document below.

<https://www.fincen.gov/news/news-releases/fincen-issues-compliance-guide-help-small-businesses-report-beneficial-ownership>



BOI\_Small\_Compliance\_Guide\_FINAL\_Sept\_5

# Section 3: Beneficial Ownership Information Reporting Frequently Asked Questions

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## *Beneficial Ownership Information Reporting Frequently Asked Questions*

These Frequently Asked Questions are explanatory only and do not supplement or modify any obligations imposed by statute or regulation. Please refer to the Beneficial Ownership Information Reporting Rule, available at [www.fincen.gov/boi](http://www.fincen.gov/boi), for details on specific provisions. FinCEN expects to publish further guidance in the future.

Questions on any of this content can be directed to <https://www.fincen.gov/contact>.

### General Questions

#### **1. What is beneficial ownership information?**

Beneficial ownership information refers to identifying information about the individuals who directly or indirectly own or control a company.

[Issued March 24, 2023]

#### **2. Why do companies have to report beneficial ownership information to the U.S Department of the Treasury?**

In 2021, Congress passed the Corporate Transparency Act on a bipartisan basis. This law creates a new beneficial ownership information reporting requirement 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.

[Issued September 18, 2023]

#### **3. Under the Corporate Transparency Act, who can access beneficial ownership information?**

FinCEN will permit Federal, State, local, and Tribal officials, as well as certain foreign officials who submit a request through a U.S. Federal government agency, to obtain beneficial ownership information for authorized activities related to national security, intelligence, and law enforcement. Financial institutions will also have access to beneficial ownership information in certain circumstances, with the consent of the

reporting company. Those financial institutions' regulators will also have access to beneficial ownership information when they supervise the financial institutions.

FinCEN is developing the rules that will govern access to and handling of beneficial ownership information. Beneficial ownership information reported to FinCEN will be stored in a secure, non-public database using rigorous information security methods and controls typically used in the Federal government to protect non-classified yet sensitive information systems at the highest security level. FinCEN will work closely with those authorized to access beneficial ownership information to ensure that they understand their roles and responsibilities to ensure that the reported information is used only for authorized purposes and handled in a way that protects its security and confidentiality.

[Issued September 18, 2023]

## Reporting Process

### 1. Should my company report beneficial ownership information now?

No. No one needs to report beneficial ownership information to FinCEN until January 1, 2024. FinCEN is currently not accepting any beneficial ownership information reports.

[Issued March 24, 2023]

### 2. When do I need to report my company's beneficial ownership information to FinCEN?

A reporting company created or registered to do business before January 1, 2024, will have until January 1, 2025 to file its initial beneficial ownership information report.

A reporting company created or registered on or after January 1, 2024, will have 30 days to file its initial beneficial ownership information report. This 30-day deadline runs from the time the company receives actual notice that its creation or registration is effective, or after a secretary of state or similar office first provides public notice of its creation or registration, whichever is earlier.

[Issued March 24, 2023]

### 3. When will FinCEN accept beneficial ownership information reports?

FinCEN will begin accepting beneficial ownership information reports on January 1, 2024. Beneficial ownership information reports will not be accepted before then.

[Issued March 24, 2023]

**4. Will there be a fee for submitting a beneficial ownership information report to FinCEN?**

No. There will be no fee for submitting your beneficial ownership information report to FinCEN.

[Issued March 24, 2023]

**5. How will I report my company's beneficial ownership information?**

If you are required to report your company's beneficial ownership information to FinCEN, you will do so electronically through a secure filing system available via FinCEN's website. This system is currently being developed and will be available before your report must be filed.

[Issued March 24, 2023]

**6. Where can I find the form to report?**

The form to report beneficial ownership information is not yet available. Once available, information about the form will be posted on FinCEN's [beneficial ownership information webpage](#).

[Issued September 18, 2023]

## **Reporting Company**

**1. What companies will be required to report beneficial ownership information to FinCEN?**

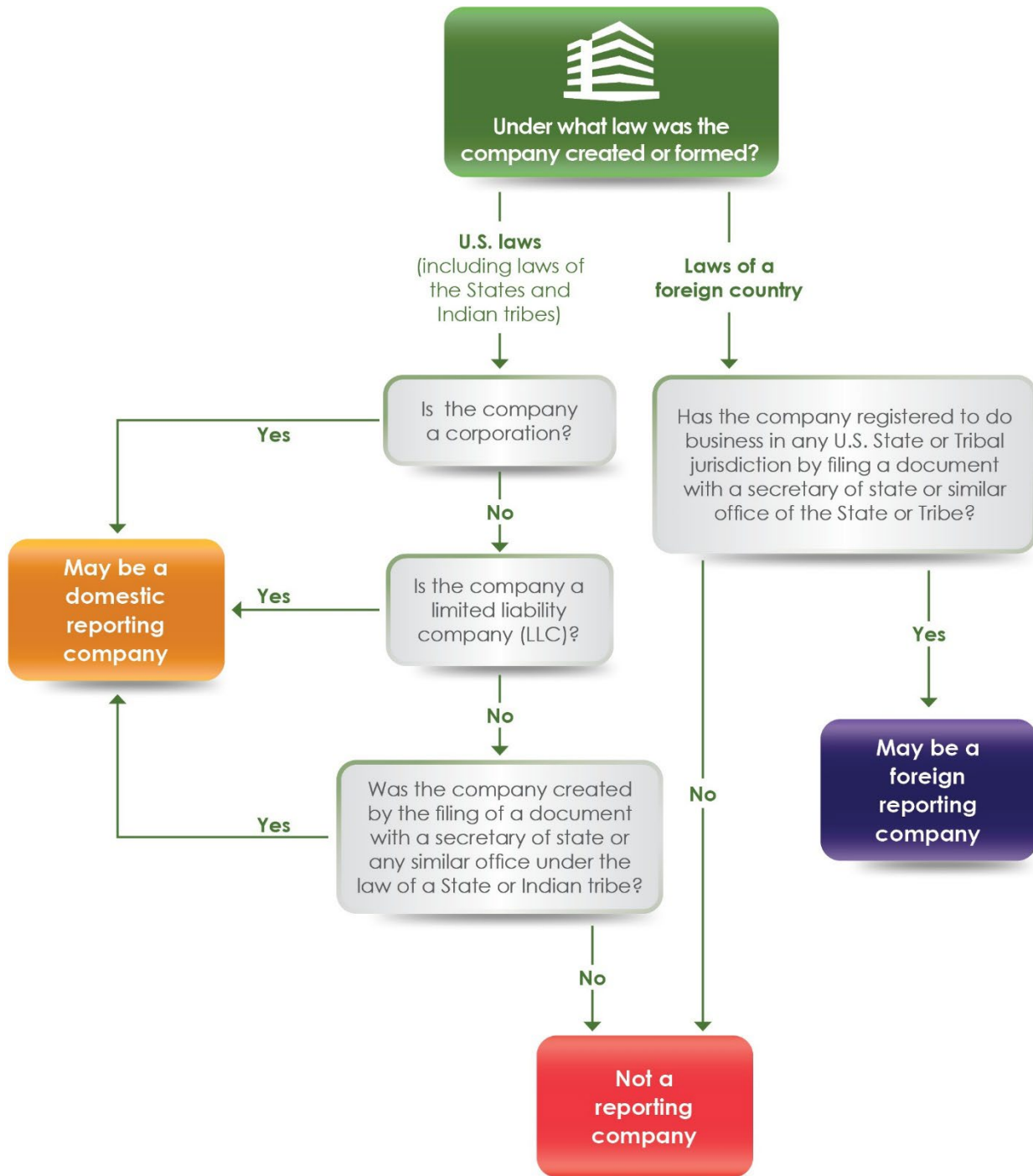
Companies required to report are called **reporting companies**. There are two types of reporting companies:

- **Domestic reporting companies** are corporations, limited liability companies, and any other entities created by the filing of a document with a secretary of state or any similar office in the United States.
- **Foreign reporting companies** are entities (including corporations and limited liability companies) formed under the law of a foreign country that have registered to do business in the United States by the filing of a document with a secretary of state or any similar office.

There are 23 types of entities that are exempt from the reporting requirements (see Question C.2). Carefully review the qualifying criteria before concluding that your company is exempt.

*FinCEN's [Small Entity Compliance Guide](#) for beneficial ownership information reporting includes the following flowchart to help identify if a company is a reporting company (see Chapter 1.1, "Is my company a "reporting company"?"*).





[Issued September 18, 2023]

## 2. Are some companies exempt from the reporting requirement?

Yes, 23 types of entities are exempt from the beneficial ownership information reporting requirements. These entities include publicly traded companies meeting specified requirements, many nonprofits, and certain large operating companies.

The following table summarizes the 23 exemptions:

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

*FinCEN's [Small Entity Compliance Guide](#) includes this table and checklists for each of the 23 exemptions that may help determine whether a company meets an exemption (see Chapter 1.2, "Is my company exempt from the reporting requirements?"). Companies should carefully review the qualifying criteria before concluding that they are exempt. Please see additional FAQs about reporting company exemptions in "L. Reporting Company Exemptions" below.*

[Issued September 18, 2023]

## Beneficial Owner

### 1. Who is a beneficial owner of a reporting company?

A beneficial owner is an individual who either directly or indirectly: (1) exercises substantial control (see Question D.2) over the reporting company, or (2) owns or controls at least 25% of the reporting company's ownership interests (see Question D.4).

*FinCEN's [Small Entity Compliance Guide](#) provides checklists and examples that may assist in identifying beneficial owners (see Chapter 2.3 "What steps can I take to identify my company's beneficial owners?").*

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### 2. What is substantial control?

An individual can exercise substantial control over a reporting company in four different ways. If the individual falls into any of the categories below, the individual is exercising substantial control:

- The individual is a **senior officer** (the company's president, chief financial officer, general counsel, chief executive officer, chief operating officer, or any other officer who performs a similar function).
- The individual has **authority to appoint or remove** certain officers or a majority of directors (or similar body) of the reporting company.
- The individual is an important decision-maker for the reporting company. See Question D.3 for more information.
- The individual has **any other form of substantial control** over the reporting company as explained further in FinCEN's [Small Entity Compliance Guide](#) (see Chapter 2.1, "What is 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

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### 3. One of the indicators of substantial control is that the individual is an important decision-maker. What are important decisions?

Important decisions include decisions about a reporting company's business, finances, and structure. An individual that directs, determines, or has substantial influence over these important decisions exercises substantial control over a reporting company. Chapter 2.1, "What is substantial control?" of FinCEN's [Small Entity Compliance Guide](#) provides the following information:



#### 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

[Issued September 18, 2023]

### 4. What is an ownership interest?

An ownership interest is generally an arrangement that establishes ownership rights in the reporting company. Examples of ownership interests include shares of equity, stock, voting rights, or any other mechanism used to establish ownership.



### EQUITY, STOCK, OR VOTING RIGHTS

any interest classified as stock or anything similar, regardless whether it confers voting power or voting rights, and even if the interest is transferable

**EXAMPLES** include:

- equity, stock, or similar instrument
- preorganization certificate or subscription
- transferable share of, or voting trust certificate or certificate of deposit for, an equity security, interest in a joint venture, or certificate of interest in a business trust



### CAPITAL OR PROFIT INTEREST

any interest in the assets or profits of a company organized as an LLC, which is similar to stock in a corporation and sometimes referred to as a 'unit'



### CONVERTIBLE INSTRUMENTS

any instrument convertible into **equity, stock, or voting rights** or **capital or profit interest**, whether or not anything needs to be paid to exercise the conversion. The **RELATED** items are also ownership interests:

- any future on any convertible instrument
- any warrant or right to purchase, sell, or subscribe to a share or interest in **equity, stock, or voting rights** or **capital or profit interest**, even if such warrant or right is a debt



### OPTION OR PRIVILEGE

any put, call, straddle, or other option or privilege of buying or selling **equity, stock, or voting rights**, **capital or profit interest**, or **convertible instruments**, EXCEPT if the option or privilege is created and held by others without the knowledge or involvement of the reporting company



### CATCH-ALL

any other instrument, contract, arrangement, understanding, relationship, or mechanism used to establish ownership

*Chapter 2.2, "What is ownership interest?" of FinCEN's [Small Entity Compliance Guide](#) discusses ownership interests and sets out steps to assist in determining the percentage of ownership interests held by an individual.*

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## 5. Who qualifies for an exception from the beneficial owner definition?

There are five instances in which an individual who would otherwise be a beneficial owner of a reporting company qualifies for an exception. In those cases, the reporting company does not have to report that individual as a beneficial owner to FinCEN.

*FinCEN's [Small Entity Compliance Guide](#) includes a checklist to help determine whether any exceptions apply to individuals who might otherwise qualify as beneficial owners (see Chapter 2.4, "Who qualifies for an exception from the beneficial owner definition?").*

[Issued September 18, 2023]

## 6. Is my accountant or lawyer considered a beneficial owner?

Accountants and lawyers generally do not qualify as beneficial owners, but that may depend on the work being performed.

Accountants and lawyers who provide general accounting or legal services are not considered beneficial owners because ordinary, arms-length advisory or other third-party professional services to a reporting company are not considered to be "substantial control" (see Question D.2). In addition, a lawyer or accountant who is designated as an agent of the reporting company may qualify for the "nominee, intermediary, custodian, or agent" exception from the beneficial owner definition.

However, an individual who holds the position of general counsel in a reporting company is a "senior officer" of that company and is therefore a beneficial owner. *FinCEN's [Small Entity Compliance Guide](#) includes a checklist to help determine whether an individual qualifies for an exception to the beneficial owner definition (see Chapter 2.4, "Who qualifies for an exception from the beneficial owner definition?").*

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## Company Applicant

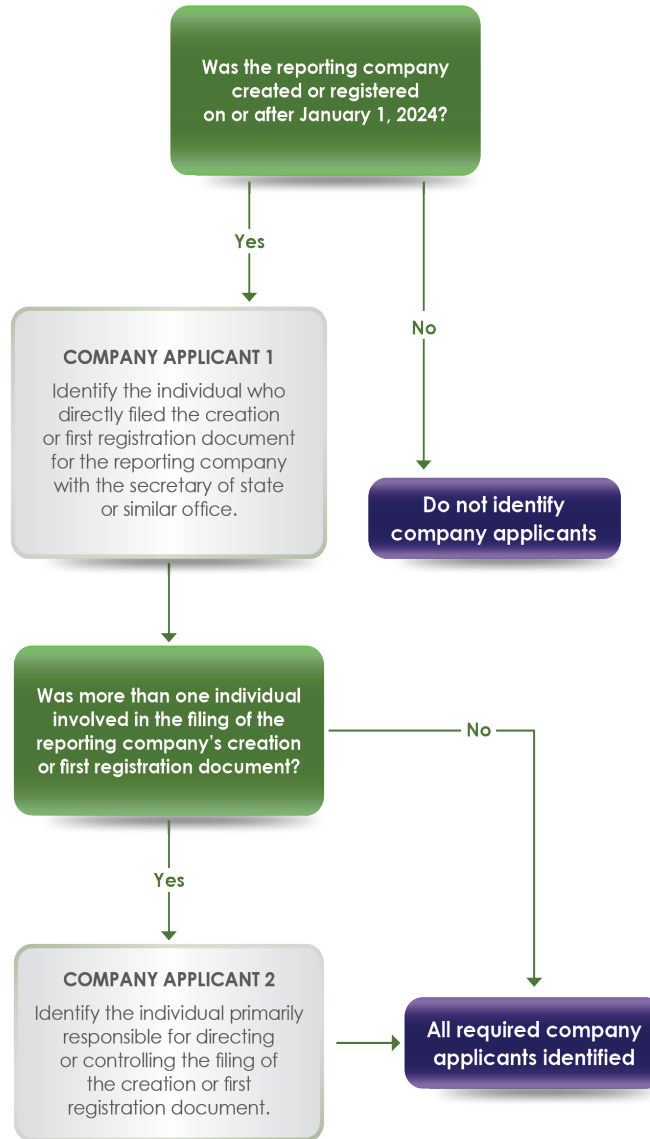
### 1. Who is a company applicant of a reporting company?

Only reporting companies created or registered *on or after* January 1, 2024, will need to report their company applicants.

A company that must report its company applicants will have only up to two individuals who could qualify as company applicants:

1. The individual who directly files the document that creates or registers the company; and
2. If more than one person is involved in the filing, the individual who is primarily responsible for directing or controlling the filing.

The following flowchart can help identify the company applicant.



*In addition, Chapter 3.2, “Who is a company applicant of my company?” of FinCEN’s [Small Entity Compliance Guide](#) includes additional information to help identify company applicants.*

[Issued September 18, 2023]



## 2. Which reporting companies are required to report company applicants?

Not all reporting companies have to report their company applicants to FinCEN. A reporting company **must report its company applicants** only if it is either a:

- Domestic reporting company created in the United States **on or after January 1, 2024**; or
- Foreign reporting company first registered to do business in the United States on or after January 1, 2024.

A reporting company does not have to report its company applicants if it is either a:

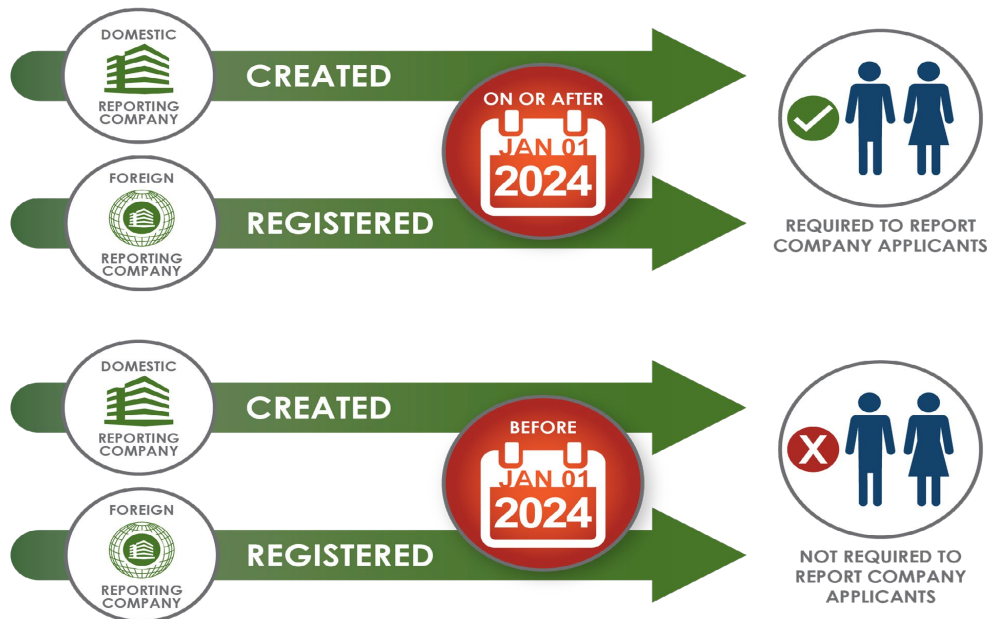
- Domestic reporting company created in the United States **before** January 2024; or
- Foreign reporting company first registered to do business in the United States before January 1, 2024.

Below is summary of the company applicant reporting requirement. Chapter 3.1, “Is my company required to report its company applicants?” of FinCEN’s [Small Entity Compliance Guide](#) includes additional information.

[Issued September 18, 2023]

## 3. Is my accountant or lawyer considered a company applicant?

An accountant or lawyer could be a company applicant, depending on their role in filing the document that creates or registers a reporting company. In many cases, company applicants may work for a business formation service or law firm.



An accountant or lawyer may be a company applicant if they directly filed the document that created or registered the reporting company. If more than one person is involved in the filing of the creation or registration document, an accountant or lawyer may be a company applicant if they are primarily responsible for directing or controlling the filing.

For example, an attorney at a law firm that offers business formation services may be primarily responsible for overseeing preparation and filing of a reporting

company's incorporation documents. A paralegal at the law firm may directly file the incorporation documents at the attorney's request. Under those circumstances, the attorney and the paralegal are both company applicants for the reporting company.

[Issued September 18, 2023]

## Reporting Requirements

### 1. Will a reporting company need to report any other information in addition to information about its beneficial owners?

Yes. The information that needs to be reported, however, depends on when the company was created or registered.

- If a reporting company is created or registered *on or after* January 1, 2024, the reporting company will need to report information about itself, its beneficial owners, **and** its company applicants.
- If a reporting company was created or registered *before* January 1, 2024, the reporting company only needs to provide information about itself and its beneficial owners. The reporting company does not need to provide information about its company applicants.

[Issued March 24, 2023]

### 2. What information will a reporting company have to report about itself?

A reporting company will have to report:

1. Its legal name;
2. Any trade names, "doing business as" (d/b/a), or "trading as" (t/a) names;
3. The current street address of its principal place of business if that address is in the United States (for example, a U.S. reporting company's headquarters), or, for reporting companies whose principal place of business is outside the United States, the current address from which the company conducts business in the United States (for example, a foreign reporting company's U.S. headquarters);
4. Its jurisdiction of formation or registration; and

5. Its Taxpayer Identification Number (or, if a foreign reporting company has not been issued a TIN, a tax identification number issued by a foreign jurisdiction and the name of the jurisdiction).

A reporting company will also have to indicate whether it is filing an initial report, or a correction or an update of a prior report.

*FinCEN's [Small Entity Compliance Guide](#) includes a checklist to help identify the information required to be reported (see Chapter 4.1, "What information should I collect about my company, its beneficial owners, and its company applicants?").*

[Issued September 18, 2023]

### **3. What information will a reporting company have to report about its beneficial owners?**

For each individual who is a beneficial owner, a reporting company will have to provide:

1. The individual's name;
2. Date of birth;
3. Residential address; and
4. An identifying number from an acceptable identification document such as a passport or U.S. driver's license, and the name of the issuing state or jurisdiction of identification document (for examples of acceptable identification, see Question F.5).

The reporting company will also have to report an image of the identification document used to obtain the identifying number in item 4.

*FinCEN's [Small Entity Compliance Guide](#) includes a checklist to help identify the information required to be reported (see Chapter 4.1, "What information should I collect about my company, its beneficial owners, and its company applicants?").*

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### **4. What information will a reporting company have to report about its company applicants?**

For each individual who is a company applicant, a reporting company will have to provide:

1. The individual's name;
2. Date of birth;
3. Address; and

4. An identifying number from an acceptable identification document such as a passport or U.S. driver's license, and the name of the issuing state or jurisdiction of identification document (for examples of acceptable identification, see Question F.5).

The reporting company will also have to report an image of the identification document used to obtain the identifying number in item 4.

If the company applicant works in corporate formation—for example, as an attorney or corporate formation agent—then the reporting company must report the company applicant's business address. Otherwise, the reporting company must report the company applicant's residential address.

*FinCEN's [Small Entity Compliance Guide](#) includes a checklist to help identify the information required to be reported (see Chapter 4.1, "What information should I collect about my company, its beneficial owners, and its company applicants?").*

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## **5. What are some acceptable forms of identification that will meet the reporting requirement?**

The only acceptable forms of identification are:

1. A non-expired U.S. driver's license (including any driver's licenses issued by a commonwealth, territory, or possession of the United States);
2. A non-expired identification document issued by a U.S. state or local government, or Indian Tribe;
3. A non-expired passport issued by the U.S. government; or
4. A non-expired passport issued by a foreign government (only when an individual does not have one of the other three forms of identification listed above).

[Issued September 18, 2023]

## **Initial Report**

### **1. When do I have to file an initial beneficial ownership information report with FinCEN?**

If your company existed before January 1, 2024, it must file its initial beneficial ownership information report by January 1, 2025.

If your company is created or registered to do business in the United States on or after January 1, 2024, then it must file its initial beneficial ownership information report within 30 days after receiving actual or public notice that its creation or registration is effective.

The following sets out the **initial report timelines**.



The reporting requirement is effective on **January 1, 2024**. FinCEN will begin accepting beneficial ownership information reports on that date.



### **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.  
Reports due within **30 calendar days** of receiving actual or public notice that the creation or registration of the reporting company is effective.

*Chapter 5.1 “When should my company file its initial BOI report?” of [FinCEN’s Small Entity Compliance Guide](#) has additional information about the reporting timelines.*

[Issued September 18, 2023]

## **Updated Report**

### **1. What should I do if previously reported information changes?**

If there is **any change** to the required information about your company or its beneficial owners in a beneficial ownership information report that your company filed, your company must file an updated report no later than 30 days after the date of the change.

A reporting company is not required to file an updated report for any changes to previously reported information about a company applicant.

The following infographic sets out **updated reports timelines**.



### 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.

Chapter 6.1, “What should I do if previously reported information changes?” of FinCEN’s [Small Entity Compliance Guide](#) provides additional information.

[Issued September 18, 2023]

## 2. What are some likely triggers for needing to update a beneficial ownership information report?

The following are some examples of the changes that would require an updated beneficial ownership information report:

- Any change to the information reported for the reporting company, such as registering a new business name.
- A change in beneficial owners, such as a new CEO, or a sale that changes who meets the ownership interest threshold of 25 percent (see Question D.4 for more information about ownership interests).
- Any change to a beneficial owner’s name, address, or unique identifying number previously provided to FinCEN. If a beneficial owner obtained a new driver’s license or other identifying document that includes a changed name, address, or identifying number, the reporting company also would have to file an updated beneficial ownership information report with FinCEN, including an image of the new identifying document.

*FinCEN’s [Small Entity Compliance Guide](#) provides additional guidance on triggers requiring an updated beneficial ownership information report (see Chapter 6.1 “What*

*should I do if previously reported information changes?”).*

[Issued September 18, 2023]

## Corrected Report

### 1. What should I do if I learn of an inaccuracy in a report?

If a beneficial ownership information report is inaccurate, your company must correct it no later than 30 days after the date your company became aware of the inaccuracy or had reason to know of it. This includes any inaccuracy in the required information provided about your company, its beneficial owners, or its company applicants. The following infographic sets out the **corrected report timelines**.




**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.

Chapter 6.2, “What should I do if I learn of an inaccuracy in a report?” of FinCEN’s [Small Entity Compliance Guide](#) includes additional information about correcting inaccurate beneficial ownership information reports filed with FinCEN.

[Issued September 18, 2023]

## Newly Exempt Entity Report

### 1. What should a reporting company do if it becomes exempt after already filing a report?

If a reporting company filed a beneficial ownership information report but then becomes exempt from filing the report, the company should file an updated report indicating that it is no longer a reporting company. An updated BOI report for a newly exempt entity will only require that: (1) the entity identify itself; and (2) check a box noting its newly exempt

status. Chapter 6.3, “What should my company do if it becomes exempt after already filing a report?” of FinCEN’s [Small Entity Compliance Guide](#) includes more information.

[Issued September 18, 2023]

## Compliance/Enforcement

### 1. What happens if a reporting company does not report beneficial ownership information to FinCEN or fails to update or correct the information within the required timeframe?

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.

FinCEN’s [Small Entity Compliance Guide](#) provides more information about enforcement of the requirement (see Chapter 1.3, “What happens if my company does not report BOI in the required timeframe?”).

[Issued September 18, 2023]

## Reporting Company Exemptions

### 1. What are the criteria for the tax-exempt entity exemption from the beneficial ownership information reporting requirement?

An entity qualifies for the tax-exempt entity exemption if **any** of the following four criteria apply:

1. The entity is an organization that is described in section 501(c) of the [Internal Revenue Code of 1986](#) (Code) (determined without regard to section 508(a) of the [Code](#)) and exempt from tax under section 501(a) of the [Code](#).
2. The entity is an organization that is described in section 501(c) of the [Code](#), and was exempt from tax under section 501(a) of the [Code](#), but lost its tax-exempt status less than 180 days ago.
3. The entity is a political organization, as defined in section 527(e)(1) of the Code, that is exempt from tax under section 527(a) of the [Code](#).



4. The entity is a trust described in paragraph (1) or (2) of section 4947(a) of the [Code](#).

*FinCEN's [Small Entity Compliance Guide](#) includes checklists for this exemption (see exemption #19) and for the additional exemptions to the reporting requirements (see Chapter 1.2, "Is my company exempt from the reporting requirements?").*

[Issued September 18, 2023]

## 2. What are the criteria for the inactive entity exemption from the beneficial ownership information reporting requirement?

An entity qualifies for the inactive entity exemption if **all six** of the following criteria apply:

- |  |
|--|
| 1. The entity was in existence on or before January 1, 2020.   |
| 2. The entity is not engaged in active business.   |
| 3. The entity is not owned by a <i>foreign person</i> , whether directly or indirectly, wholly or partially. "Foreign person" means a person who is not a United States person. A United States person is defined in section 7701(a)(30) of the <a href="#">Internal Revenue Code of 1986</a> as a citizen or resident of the United States, domestic partnership and corporation, and other estates and trusts. |
| 4. The entity has not experienced any change in ownership in the preceding twelve-month period.  |
| 5. The entity has not sent or received any funds in an amount greater than \$1,000, either directly or through any financial account in which the entity or any affiliate of the entity had an interest, in the preceding twelve-month period.   |
| 6. The entity does not otherwise hold any kind or type of assets, whether in the United States or abroad, including any ownership interest in any corporation, limited liability company, or other similar entity.   |

FinCEN's [Small Entity Compliance Guide](#) includes checklists for this exemption (see exemption #23) and for the additional exemptions to the reporting requirements (see Chapter 1.2, "Is my company exempt from the reporting requirements?").

[Issued September 18, 2023]

## 3. What are the criteria for the subsidiary exemption from the beneficial ownership information reporting requirement?

Subsidiaries of certain types of entities that are exempt from the beneficial ownership information reporting requirements may also be exempt from the reporting requirement.

An entity qualifies for the subsidiary exemption if the following applies:

The entity's ownership interests are controlled or wholly owned, directly or indirectly, by **any** of these types of exempt entities:

- Securities reporting issuer;
- Governmental authority;
- Bank;
- Credit union;
- Depository institution holding company;
- Broker or dealer in securities;
- Securities exchange or clearing agency;
- Other Exchange Act registered entity;
- 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;
- Tax-exempt entity; or
- Large operating company.

*FinCEN's [Small Entity Compliance Guide](#) includes definitions of the exempt entities listed above and a checklist for this exemption (see exemption #22). FinCEN's Guide also includes checklists for the additional exemptions to the reporting requirements (see Chapter 1.2, "Is my company exempt from the reporting requirements?").*

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