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**Financial Crimes Enforcement Network
U.S. Department of the Treasury**

Washington, D.C. 20220

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, 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>.

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.

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

Very few U.S. states or territories require companies to disclose information about their beneficial owners—the individuals who own or control companies. This lack of transparency allows criminals, corrupt officials, and other bad actors to hide their identities and launder illicit funds through the United States using shell and front companies. This in turn hurts ordinary Americans because the lack of transparency results in an uneven playing field for honest and legitimate U.S. businesses. The inaccessibility of beneficial ownership information also makes it hard for law enforcement to track and prosecute criminal activity.

In 2021, Congress, with bipartisan support, enacted the Corporate Transparency Act to address this problem. The Corporate Transparency Act requires certain types of U.S. and foreign entities to report information about their beneficial owners to the Treasury Department's Financial Crimes Enforcement Network, commonly known as FinCEN. FinCEN is responsible for safeguarding the U.S. financial system from illicit use. Subject to strict safeguards and controls, FinCEN will disclose the reported beneficial ownership information to certain authorized government authorities, financial institutions, and other authorized users.

By collecting beneficial ownership information and sharing it with law enforcement, financial institutions, and other authorized users, FinCEN is making it harder for bad actors to hide or benefit from their ill-gotten gains. Companies that report beneficial ownership information will contribute to this important goal.

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3. 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.

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4. 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.

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5. 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.

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6. 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.

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

Certain companies — referred to as “reporting companies” — will be required to report their beneficial ownership information to FinCEN. There are two types of reporting companies — domestic reporting companies and foreign reporting companies.

A domestic reporting company is defined as —

- a corporation,
- a limited liability company, or
- any other entity created by the filing of a document with a secretary of state or any similar office under the law of a state or Indian tribe.

A foreign reporting company is any entity that is —

- a corporation, limited liability company, or other entity formed under the law of a foreign country, AND
- registered to do business in any U.S. state or in any Tribal jurisdiction, by the filing of a document with a secretary of state or any similar office under the law of a U.S. state or Indian tribe.

If you had to file a document with a state or Indian Tribal-level office such as a secretary of state to create your company, or to register it to do business if it is a foreign company, then your company is a reporting company, unless an exemption applies.

For the definitions of both domestic and foreign reporting companies, a “state” means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and any other commonwealth, territory, or possession of the United States.

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8. Are there exemptions from the reporting requirement?

Yes. The Corporate Transparency Act exempts 23 types of entities from the beneficial ownership information reporting requirement. Below is a list of the types of entities that are exempt —

- (i) Certain types of securities reporting issuers.ⁱ
- (ii) A U.S. governmental authority.ⁱⁱ

- (iii) Certain types of banks.ⁱⁱⁱ
- (iv) Federal or state credit unions as defined in section 101 of the Federal Credit Union Act.
- (v) Any bank holding company as defined in section 2 of the Bank Holding Company Act of 1956, or any savings and loan holding company as defined in section 10(a) of the Home Owners' Loan Act.
- (vi) Certain types of money transmitting or money services businesses.^{iv}
- (vii) Any broker or dealer, as defined in section 3 of the Securities Exchange Act of 1934, that is registered under section 15 of that Act (15 U.S.C. 78o).
- (viii) Securities exchanges or clearing agencies as defined in section 3 of the Securities Exchange Act of 1934, and that is registered under sections 6 or 17A of that Act.
- (ix) Certain other types of entities registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934.^v
- (x) Certain types of investment companies as defined in section 3 of the Investment Company Act of 1940, or investment advisers as defined in section 202 of the Investment Advisers Act of 1940.
- (xi) Certain types of venture capital fund advisers.^{vi}
- (xii) Insurance companies defined in section 2 of the Investment Company Act of 1940.
- (xiii) State-licensed insurance producers with an operating presence^{vii} at a physical office within the United States, and authorized by a State, and subject to supervision by a State's insurance commissioner or a similar official or agency.
- (xiv) Commodity Exchange Act registered entities.^{viii}
- (xv) Any public accounting firm registered in accordance with section 102 of the Sarbanes-Oxley Act of 2002.
- (xvi) Certain types of regulated public utilities.^{ix}
- (xvii) Any financial market utility designated by the Financial Stability Oversight Council under section 804 of the Payment, Clearing, and Settlement Supervision Act of 2010.
- (xviii) Certain pooled investment vehicles.^x

- (xix) Certain types of tax-exempt entities.^{xi}
- (xx) Entities assisting a tax-exempt entity described in (xix) above.
- (xxi) Large operating companies with at least 20 full-time employees,^{xii} more than \$5,000,000 in gross receipts or sales, and an operating presence at a physical office within the United States.^{xiii}
- (xxii) The subsidiaries of certain exempt entities.^{xiv}
- (xxiii) Certain types of inactive entities that were in existence on or before January 1, 2020, the date the Corporate Transparency Act was enacted.^{xv}

Many of these exempt entities are already regulated by federal and/or state government, and many already disclose their beneficial ownership information to a governmental authority.

Additional information about the entities that are exempt can be found in the Beneficial Ownership Information Reporting Regulations at 31 CFR [§ 1010.380\(c\)\(2\)](#). You should consult the text of the regulations, which include specific criteria for the exemptions, before concluding that an entity qualifies for an exemption.

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9. Who is a beneficial owner of a reporting company?

In general, a beneficial owner is any individual (1) who directly or indirectly exercises “substantial control” over the reporting company, or (2) who directly or indirectly owns or controls 25 percent or more of the “ownership interests” of the reporting company.

Whether an individual has “substantial control” over a reporting company depends on the power they may exercise over a reporting company. For example, an individual will have substantial control of a reporting company if they direct, determine, or exercise substantial influence over, important decisions the reporting company makes. In addition, any senior officer is deemed to have substantial control over a reporting company.^{xvi} Other rights or responsibilities may also constitute substantial control. Additional information about the definition of substantial control and who qualifies as exercising substantial control can be found in the Beneficial Ownership Information Reporting Regulations at 31 CFR [§1010.380\(d\)\(1\)](#).

“Ownership interests” generally refer to arrangements that establish ownership rights in the reporting company, including simple shares of stock as well as more complex instruments. Additional information about ownership interests, including indirect ownership, can be found in the Beneficial Ownership Information Reporting Regulations at 31 CFR [§1010.380\(d\)\(2\)](#).

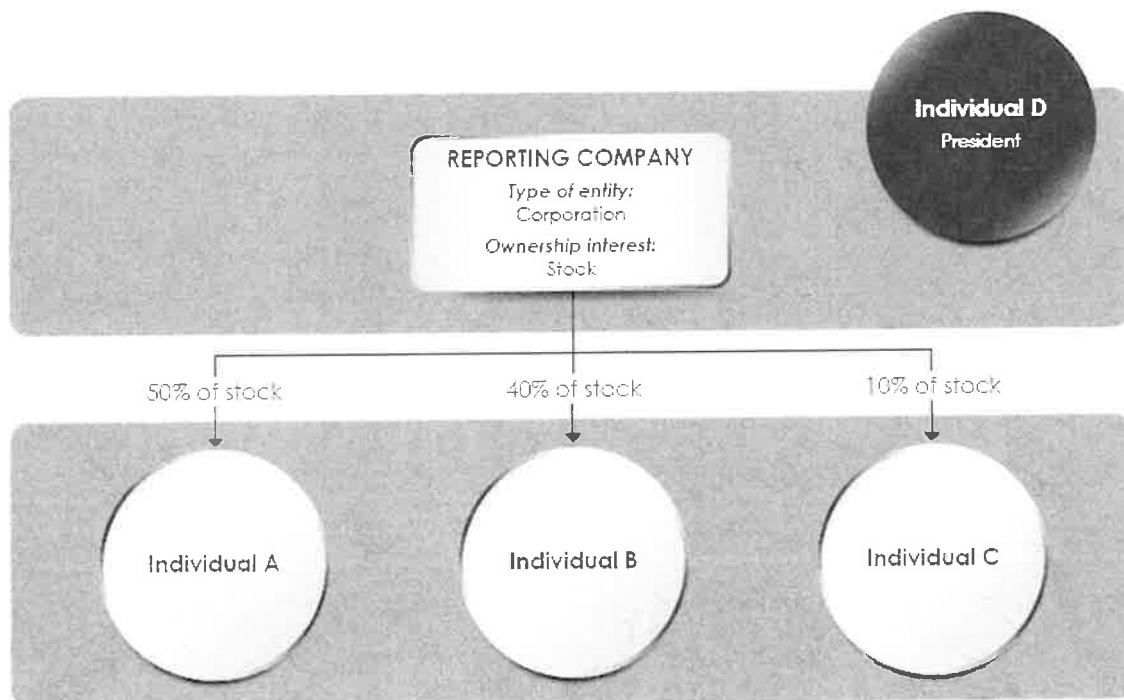
FinCEN expects that the majority of reporting companies will have a simple ownership and control structure. A few examples of how to identify beneficial owners are described below.

Example 1: The reporting company is a limited liability company (LLC). You are the sole owner and president of the company and make important decisions for the company. No one else owns or controls ownership interests in your company or exercises substantial control over your company.

You are a beneficial owner of the reporting company in two different ways, assuming no other facts. First, you exercise substantial control over the company because you are a senior officer of the company (the president) and because you make important decisions for the company. Second, you are also a beneficial owner because you own 25 percent or more of the reporting company's ownership interests.

Because no one else owns or controls ownership interests in your LLC or exercises substantial control over it, and assuming there are no other facts to consider, you are the only beneficial owner of this reporting company, and your information must be reported to FinCEN.

Example 2: The reporting company is a corporation. The company's total outstanding ownership interests are shares of stock. Three people (Individuals A, B, and C) own 50 percent, 40 percent, and 10 percent of the stock, respectively, and one other person (Individual D) acts as the President for the company, but does not own any stock.



Assuming there are no other facts, Individuals A, B, and D are all beneficial owners of the company and their information must be reported. Individual C is not a beneficial owner.

Individual A owns 50 percent of the company's stock and therefore is a beneficial owner because they own 25 percent or more of the company's ownership interests.

Individual B owns 40 percent of the company's stock and therefore is a beneficial owner because they own 25 percent or more of the company's ownership interests.

Individual C is not a company officer and does not directly or indirectly exercise any substantial control over the company. Individual C also owns 10 percent of your company's stock, which is less than the 25 percent or greater interest needed to qualify as a beneficial owner by virtue of ownership interests. Individual C is therefore *not* a beneficial owner of the company.

Individual D is president of the company and is therefore a beneficial owner. As a senior officer of the company, Individual D exercises substantial control, regardless of whether the individual owns or controls 25 percent or more of the company's ownership interests.

Example 3: The reporting company is a corporation owned by four individuals who each own 25 percent of the company's ownership interests (e.g., shares of stock). Four other individuals serve as the reporting company's CEO, CFO, COO, and general counsel, respectively, none of whom hold any of the company's ownership interests.

In this example, there are eight beneficial owners. All four of the individuals who each own 25 percent of the company's ownership interests are beneficial owners of the company by virtue of their holdings in it, even if they exercise no substantial control over it. The CEO, CFO, COO, and general counsel are all senior officers and therefore exercise substantial control over the reporting company, making them beneficial owners as well.

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10. 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.

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11. Who is a company applicant of a reporting company?

There can be up to two individuals who qualify as company applicants —

- the individual who directly files the document that creates, or first registers, the reporting company; and
- the individual that is primarily responsible for directing or controlling the filing of the relevant document.

No reporting company will have more than two company applicants. If only one person was involved in filing the relevant document, then only that person should be reported as a company applicant.

Only reporting companies formed or registered *on or after* January 1, 2024, will have to report their company applicants. Companies created or registered before January 1, 2024, do not have to report their company applicants.

The following examples illustrate how to identify company applicants in common company creation or registration scenarios.

Example 1: Individual A is creating a new company. Individual A prepares the necessary documents to create the company and files them with the relevant state or Tribal office, either in person or using a self-service online portal. No one else is involved in preparing, directing, or making the filing.

Individual A is a company applicant because Individual A directly filed the document that created the company. Because Individual A is the only person involved in the filing, Individual A is the only company applicant. State or Tribal employees who receive and process the company creation or formation documents should not be reported as company applicants.

Example 2: Individual A is creating a company. Individual A prepares the necessary documents to create the company and directs Individual B to file the documents with the relevant state or Tribal office. Individual B then directly files the documents that create the company.

Individuals A and B are both company applicants—Individual B directly filed the documents, and Individual A was primarily responsible for directing or controlling the filing. Individual B could, for example, be Individual A’s spouse, business partner, attorney, or accountant; in all cases, Individuals A and B are both company applicants in this scenario.

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

A reporting company will have to report:

- Its legal name;
- Any trade names, “doing business as” (d/b/a), or “trading as” (t/a) names;
- The current street address of its principal place of business if that address is in the United States (for example, a domestic 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);
- Its jurisdiction of formation or registration; and
- Its Taxpayer Identification Number.

A reporting company will also have to indicate the type of filing it is making (that is, whether it is filing an initial report, a correction of a prior report, or an update to a prior report).

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13. What will a reporting company have to report about its beneficial owners and company applicants?

For each individual who is a beneficial owner or a company applicant, a reporting company will have to report:

- The individual’s name, date of birth, and address;
- A unique identifying number from an acceptable identification document; and
- The name of the state or jurisdiction that issued the identification document.

Address: For a beneficial owner, the reporting company must report the *residential* street address.

For a company applicant, the reporting company must report the individual's *residential* street address. However, if an individual engages in the business of corporate formation (e.g., as an attorney or corporate formation agent) and files the formation or registration document in the course of that business, then the reporting company must report the current street address of the company applicant's business. For example, if the company applicant is a paralegal who filed the document while working at a law firm, the reporting company must report the business address of the law firm where the paralegal worked when filing the document.

Identification Document: The list below sets out the forms of acceptable identification documents:

- A non-expired driver's license issued by a U.S. state. A "U.S. state" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and any other commonwealth, territory, or possession of the United States.
- A non-expired identification document issued by a U.S. state or local government, or Indian Tribe that is issued *for the purpose of identifying the individual*. For example, a non-driver identification card issued by a state Department of Motor Vehicles would qualify because it is issued for identification purposes.
- A non-expired passport issued by the U.S. government; or
- *If the individual does not have any of the three forms of identification document described above*, the reporting company may provide the identifying number from a non-expired passport issued by a foreign government.

In addition, the reporting company must submit an image of the identification document associated with the unique identifying number reported to FinCEN.

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14. 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.

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15. Who will be able to access reported beneficial ownership information and for what purposes?

The Corporate Transparency Act authorizes FinCEN to disclose beneficial ownership information in certain circumstances to six types of requesters:

- U.S. Federal agencies engaged in national security, intelligence, and law enforcement activities;
- State, local, and Tribal law enforcement agencies with court authorization;
- The U.S. Department of the Treasury;
- Financial institutions using beneficial ownership information to conduct legally required customer due diligence, provided the financial institutions have their customer consent to retrieve the information;
- Federal and state regulators assessing financial institutions for compliance with legally required customer due diligence obligations; and
- Foreign law enforcement agencies and certain other foreign authorities who submit qualifying requests for the information through a U.S. Federal agency.

The Corporate Transparency Act imposes stringent access requirements and safeguards on each group of requesters.

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16. How will FinCEN protect beneficial ownership information reported to it?

Protecting the security and confidentiality of beneficial ownership information is a top priority for FinCEN. Federal law requires FinCEN to implement protocols to safeguard beneficial ownership information, to build a secure IT system to store the information, and to establish processes and procedures to ensure that only authorized users can access beneficial ownership information for authorized purposes.

FinCEN is developing the policies and procedures that will govern access to and handling of beneficial ownership information. FinCEN is also building a secure and confidential IT system to store the information. Consistent with Federal law, the system will be cloud-based, and will meet the highest Federal Information Security Modernization Act (FISMA) level to keep beneficial ownership information secure.

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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.

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Endnotes

- i Any issuer of securities that is: an issuer of a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l); or (B) required to file supplementary and periodic information under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)). 31 CFR 1010.380(c)(2)(i).
- ii Any entity that: (A) is established under the laws of the United States, an Indian tribe, a State, or a political subdivision of a State, or under an interstate compact between two or more States; and (B) exercises governmental authority on behalf of the United States or any such Indian tribe, State, or political subdivision. 31 CFR 1010.380(c)(2)(ii).
- iii Any bank, as defined in: (A) section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); (B) section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)); or (C) section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)). 31 CFR 1010.380(c)(2)(iii).
- iv Any money transmitting business registered with FinCEN under 31 U.S.C. 5330, and any money services business registered with FinCEN under 31 CFR 1022.380. 31 CFR 1010.380(c)(2)(vi).
- v Any other entity not described in paragraph (c)(2)(i), (vii), or (viii) of this section that is registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.). 31 CFR 1010.380(c)(2)(ix).
- vi Any investment adviser that: (A) Is described in section 203(l) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-3(l)); and (B) has filed Item 10, Schedule A, and Schedule B of Part 1A of Form ADV, or any successor thereto, with the Securities and Exchange Commission. 31 CFR 1010.380(c)(2)(xi).
- vii The term “has an operating presence at a physical office within the United States” means that an entity regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity. 31 CFR 1010.380(f)(6).
- viii Any entity that: (A) is a registered entity as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a); or (B) is: (1) a futures commission merchant, introducing broker, swap dealer, major swap participant, commodity pool operator, or commodity trading advisor, each as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a), or a retail foreign exchange dealer as described in section 2(c)(2)(B) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)(B)); and (2) registered with the Commodity Futures Trading Commission under the Commodity Exchange Act. 31 CFR 1010.380(c)(2)(xiv).
- ix Any entity that is a regulated public utility as defined in 26 U.S.C. 7701(a)(33)(A) that provides telecommunications services, electrical power, natural gas, or water and sewer services within the United States. 31 CFR 1010.380(c)(2)(xvi).
- x Any pooled investment vehicle that is operated or advised by a person described in paragraph (c)(2)(iii), (iv), (vii), (x), or (xi) of this section. 31 CFR 1010.380(c)(2)(xviii). The term “pooled investment vehicle” means: (i) any investment company, as defined in section 3(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(a)); or (ii) any company that: (A) would be an investment company under that section but for the exclusion provided from that definition by paragraph (1) or (7) of section 3(c) of that Act (15 U.S.C. 80a-3(c)); and (B) is identified by its legal name by the applicable investment adviser in its Form ADV (or successor form) filed with the Securities and Exchange Commission or will be so identified in the next annual updating amendment to Form ADV required to be filed by the applicable investment adviser pursuant to rule 204-1 under the Investment Advisers Act of 1940 (17 CFR 275.204-1). 31 CFR 1010.380(f)(7).
- xi Any entity that: (A) operates exclusively to provide financial assistance to, or hold governance rights over, any entity described in paragraph (c)(2)(xix) of this section; (B) is a United States person; (C) is beneficially owned or controlled exclusively by one or more United States persons that are United States citizens or lawfully admitted for permanent residence; and (D) derives at least a majority of its funding or revenue from one or more United States persons that are United States citizens or lawfully admitted for permanent residence. 31 CFR 1010.380(c)(2)(xx). The term “lawfully admitted for permanent residence” has the meaning given the term in section 101(a) of the Immigration and Nationality Act (8

U.S.C. 1101(a)). 31 CFR § 1010.380(f)(5). The term “United States person” has the meaning given the term in section 7701(a)(30) of the Internal Revenue Code of 1986. 31 CFR 1010.380(f)(10).

xii The term “employee” has the meaning given the term in 26 CFR 54.4980H-1(a)(15). 31 CFR 1010.380(f)(1).

xiii The term “has an operating presence at a physical office within the United States” means that an entity regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity. 31 CFR 1010.380(f)(6).

xiv Any entity whose ownership interests are controlled or wholly owned, directly or indirectly, by one or more entities described in paragraphs (c)(2)(i), (ii), (iii), (iv), (v), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xix), or (xxi) of this section. 31 CFR 1010.380(c)(2)(xxii).

xv Any entity that: (A) was in existence on or before January 1, 2020; (B) is not engaged in active business; (C) is not owned by a foreign person, whether directly or indirectly, wholly or partially; (D) has not experienced any change in ownership in the preceding twelve month period; (E) 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; and (F) 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. 31 CFR 1010.380(c)(2)(xxiii). The term “foreign person” means a person who is not a United States person. 31 CFR 1010.380(f)(3).

xvi The term “senior officer” means any individual holding the position or exercising the authority of a president, chief financial officer, general counsel, chief executive officer, chief operating officer, or any other officer, regardless of official title, who performs a similar function. 31 CFR 1010.380(f)(8).