

Beneficial Ownership Reporting Requirements for Small Businesses Will Go Into Effect on January 1, 2024

Beginning on **January 1, 2024**, many existing companies will have until **January 1, 2025** to file reports with information about their “beneficial owners” with the federal Financial Crimes Enforcement Network (“FinCEN”); companies formed on or after January 1, 2024 must comply within 30 days of formation. The new law is an effort to combat money laundering and other crimes, and access to the database is generally limited to law enforcement agencies.

Who is required to report?

With some exceptions, corporations, limited liability companies, and any other entities that are formed by filing a document with the secretary of state or similar office of any state must file an initial report and update as information changes (or if incorrect information was filed).

Who are “beneficial owners”?

With some exceptions, “beneficial owners” are individuals owning 25% or more of the equity of a company and persons who substantially control the business (generally, individuals holding significant decision-making authority).

What information must be reported?

A reporting company must report its legal name and all names under which it does business (trade names, DBAs), the street address of its principal place of business, the jurisdiction of its formation, and its EIN. For each beneficial owner, the company must report the individual’s name, date of birth, residential address, and a unique identifying number such as passport or driver’s license number (together with an image of that document).

Where does the report get filed?

This information must be entered on a portal maintained by the Financial Crimes Enforcement Network (“FinCEN”), an agency of the [U.S. Department of Treasury](#). This portal will not be available until January 1, 2024, so you will not be able to get an early start on compliance. There is no filing fee.

What happens to non-compliers?

Penalties for non-compliance are severe and can be imposed on the company as well as its senior officers. These penalties include civil penalties of up to \$500 for each day that the violation continues and/or criminal penalties including imprisonment for up to two years and/or a fine of up to \$10,000. A beneficial owner who willfully causes a reporting company to be non-compliant may also face civil and criminal penalties.

FinCEN has published a [guide](#) for small businesses to help with their compliance efforts. A more succinct FAQ resource can be found [here](#).

For more information on the CTA, review our [blog](#) on the subject or contact [Joanne Murray](#). To learn more about Antheil Maslow & MacMinn’s Business Law Services, visit our [Business & Finance](#) pages at [ammlaw.com](#).