

Beneficial Ownership Information (BOI) Reporting Requirements

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SUMMARY: Beginning January 1, 2024, small businesses including accounting firms must report beneficial ownership to the Financial Crimes Enforcement Network (FinCEN). This regulatory alert update provides an overview on reporting requirements and curated resources to assist your reporting and to advise your small business clients. We have produced a [one-minute video](#) providing a quick explanation in addition to the more detailed information below.

BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS FOR SMALL ENTITIES

BACKGROUND: In 2021, Congress passed the Corporate Transparency Act which requires U.S. and non-U.S. entities to report information about their beneficial owners (i.e., the persons who ultimately own or have control of the entities to FinCEN).

WHAT MUST BE REPORTED: Beneficial owners of small entities must be reported. Guidance issued by FinCEN provides that a beneficial owner is any individual who exercises control over the reporting company or owns or controls at least 25% of the owner's interest of the reporting company.

INFORMATION REQUIRED IN THE REPORT: Reporting companies must identify the company's owners and those who filed the documents creating or registering the company with the state.

WHEN TO REPORT: Reporting companies created or registered before January 1, 2024 will have one year (until January 1, 2025) to file their initial reports.

Reporting companies created or registered on or after January 1, 2024 to January 1, 2025 will have 90 calendar days after receiving confirmation of their creation or registration.

WHAT COMPANIES ARE EXEMPTED FROM REPORTING: There are over 23 categories of exemptions from beneficial ownership reporting. Generally, the exemptions are for entities that are already subject to substantial federal and/or state oversight. **Note:** As to accounting firm exemption, guidance from FinCEN includes 23 general exemptions to include "accounting firms." A close read of the literature significantly narrows the exemption to "public accounting firms registered in accordance with Section 102 of the Sarbanes-Oxley Act of 2002" (15 U.S.C. 7212).

WHAT HAPPENS IF I DON'T REPORT: There are both criminal and civil penalties for failure to report or submitting fraudulent information.

ONGOING REPORTING OBLIGATIONS: There are affirmative requirements to update information no later than 30 days after the date when changes occur.

WHEN DOES THE REPORTING WINDOW OPEN: The FinCEN reporting window is scheduled to open on January 1, 2024.

IS BOI COMPLIANCE REPORTING FOR CLIENTS CONSIDERED THE PRACTICE OF LAW: Illinois does not have a statutory provision specifically defining the practice of law. Rather, the courts and the Attorney Registration and Disciplinary Commission focus on whether the activity in question required legal knowledge and skill in order to apply legal principal and precedent. See *In re: Yamaguchi* (1987) 118 Ill.2d 417, 426-27. ICPAS Government Relations has presented this info to the Illinois State Bar Association and has had several follow-up discussions. Nothing in these discussions departed from the authoritative information cited above.

ICPAS CURATED BOI REPORTING RESOURCES: ICPAS has curated BOI reporting information on the ICPAS Government Relations webpage. [See Small Business Beneficial Ownership Compliance Reporting under Federal Issues.](#)