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Effective 1/1/2024 the Financial Crimes Enforcement Network (FinCen) has introduced a new filing requirement for many entities identified as the beneficial ownership information (BOI) report. **This report must be filed by 1/1/2025 unless the entity is formed after 1/1/2024 – then the report must be filed within 90 days of the date of formation.** There are some exemptions – a full list of these is presented on the **FinCen website (fincen.gov)**.

Domestic reporting companies who do not meet the following definition of a 'large operating company' are required to prepare this filing. These domestic entities are created by the filing of a document with a secretary of state or any similar office in the United States. **A large operating company is defined as an entity with 20 or more full-time U.S. employees, more than \$5 million in U.S. sourced revenue, and a physical operating presence at a physical office in the United States. If this definition is not met in full, you are required to file.**

The purpose of the filing is to identify owners and individuals who filed an application to create an entity or registered to do business within the United States. FinCen intends to use this information to combat money laundering, terrorist activity, fraud, etc.

This requirement affects many types of entities such as corporations, partnerships, limited liability companies, limited liability partnerships, and business trusts. Generally governmental and tax-exempt entities are exempt from this reporting requirement..

The penalty for failure to file this form is a minimum \$500 per day up to \$10,000 and a possible 2-year jail sentence.

Nothing can be filed prior to 1/1/2024, but information regarding this new reporting requirement is available on the FinCen website at www.fincen.gov, click on the BOI option.

Please note that this reporting requirement is the sole responsibility of the entities and related beneficial owners that meet the filing requirements. White, Rudy LLC is not responsible for the preparation of this report. We suggest you contact your attorney with questions related to this matter.

This general client information is dated December 18, 2023.