



Cooperative Extension
Cochise County



NEW FEDERAL REPORTING REQUIREMENT FOR SMALL BUSINESSES:

BENEFICIAL OWNERSHIP INFORMATION

Document is revised to reflect policy changes effective March 2, 2025

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BACKGROUND

Owning a small business comes with many challenges and among those challenges is the requirement to file forms and reports to various governmental entities. Effective January 1, 2024, there is yet another reporting requirement that has recently become a requirement for many small businesses. The Beneficial Ownership Information (BOI) reporting was implemented by the Financial Crimes Enforcement Network (abbreviated FinCEN), an arm of the U.S. Department of the Treasury, to capture information about small businesses who oftentimes “fly under the radar” when it comes to reporting their business ownership, activities, and revenues.

In 2021 the U.S. Congress pass the Corporate Transparency Act. This law creates a new reporting requirement as part of the United States government’s attempt to make it harder for bad actors to hide income or benefit from ill-gotten gains through non-transparent ownership structures. This Act is aimed at catching money launderers and those who fund terrorism, however all small business owners must be aware that they might be required to file a BOI Report (BOIR).

At this point in time, banks and other financial institutions do not have access to BOI but there is legislation on the horizon that will allow phased in access to the information collected by FinCEN. Financial institutions will not be able to use BOI in the course of normal business transactions. However, they will be encouraged to report any suspicious financial transactions such as deposits or withdrawals of large amounts of cash.

WHICH COMPANIES MUST REPORT?

Tens of millions of small businesses must now report. BOIR is targeted at companies with less than twenty full-time employees and less than \$5 million in gross revenues. A company must report if they meet the definition of a “reporting company” and do not qualify for an exemption. There are two types of reporting companies: 1) Domestic report company, or 2) Foreign reporting company. And as implied, a company formed in either the U.S. or outside the U.S. might be required to file. Additionally, if the company is a C-Corporation (C-Corp or Corporation), S-Corporation (S-Corp), Limited Liability Company

(LLC), or was created by filing paperwork with the Secretary of State (or similar office) under the law of a state or Indian tribe, the BOI must be filed. Sole proprietorships and partnerships do NOT have to file (unless they were formed by filing with the Secretary of State, or similar office, in their state of formation, or Indian Tribe). (Akalp, 2024) [See APPENDIX A]

There are numerous types of companies that are exempt from reporting Beneficial Ownership Information (see table below). Carefully review the list before determining that you are NOT required to report. (Beneficial Ownership Information Frequently Asked Questions, p. 9)

Exemption Number	Exemption 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 <i>Exchange Act</i> registered entity
10	Investment company or investment advisor
11	Venture capital fund advisor
12	Insurance company
13	State-licensed insurance producer
14	<i>Commodity Exchange Act</i> 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

Tax exempt entities are generally not required to report, and this includes nonprofits formed under IRS Code 501(c), political organizations, and trusts formed under IRS Code 4947(a).

WHAT IS A BENEFICIAL OWNER?

A Beneficial Owner is an individual who either directly or indirectly: (1) Has substantial control over a reporting entity; -OR- (2) Controls at least 25% ownership of a reporting entity. Note that a Beneficial Owner must be a person. A trust, a corporation, or other business entity cannot be a Beneficial Owner.

What does substantial control mean? It means one or more of the following: (1) A senior officer (President, CEO, CFO, or COO); (2) Has authority to hire and fire a senior officer; and/or (3) Is an important decision maker (decisions related to the nature of the business, financial authority, or business structure).

Are there exceptions to the beneficial owner definition? Yes. A few exceptions include: (1) A minor child; (2) A nominee, custodian or agent; (3) An employee, unless they are actually submitting BOIR; (4) A future inheritor (once they inherit, they are not an exception); or (5) Creditors.

WHEN DO I REPORT?

If your company has been determined to be a reporting company, the due date for filing the BOIR depends upon when the company was formed. The following table outlines reporting due dates.

WHEN WAS COMPANY FORMED?	BOI REPORT DUE DATE	FILING PERSON IS A BO?
Prior to 1/1/2024	1/1/2025	No
During 2024	90 calendar days after business was formed	Yes**
After 1/1/2024, closes by 12/31/2024	90 calendar days after business was formed	Yes**
1/1/2025 or later	30 calendar days after business was formed	Yes**
OTHER FILING/AMENDING SITUATIONS		
When beneficial owner/info changes	30 calendar days after the BO changes	
Formerly exempt company no longer exempt	30 calendar days after exemption ends	
Corrections/Amendments	30 calendar days after error found	

**For businesses formed after January 1, 2024, the person filing/submitted the BOIR must be reported as an additional beneficial owner. Example: the company's secretary or bookkeeper if they physically prepare and/or submit to FinCEN.

What changes trigger an amended filing? The following events all cause a need for an amended BOIR: (1) Changes in the reporting company, name for example; (2) Changes in company ownership or changes in beneficial owners; (3) Changes in beneficial owner's name, address, or change in identifying documentation (driver's license number, for example).

HOW DO I REPORT?

The reporting is done electronically at the following website:

<https://boiefiling.fincen.gov>

This takes you to the “**Welcome**” page at FinCEN's BOI E-Filing site. Select either the “**File BOIR**” (bottom left of the page) or the “**BOI E-Filing GET STARTED**” button (upper right of the page).

You can then choose to use the “**File Online BOIR**” option or the “**File PDF BOIR**” option—whichever best fits your needs. To use the PDF method, your computer needs to have Adobe Reader 8 or higher.

Under “**Filing Information**” #3, there is an option to request to receive a FinCEN ID number for a beneficial owner or for an applicant. Applying for a FinCEN ID number is completely optional. The advantage of having a FinCEN ID is that you only must enter your information once, then use the FinCEN ID number for future reporting. Step by step filing instructions can be found here: <https://boiefiling.fincen.gov/boir/html>

WHAT INFORMATION MUST BE REPORTED for the Reporting Company?

- (1) Company's legal name
- (2) Any DBA or trade name
- (3) Current street address of the business
- (4) Jurisdiction of business formation
- (5) Tax identification number (EIN, SSN/TIN, or Foreign)

WHAT INFORMATION MUST BE REPORTED for each Beneficial Owner?

- (1) Individual's name
- (2) Date of birth
- (3) Residential street address
- (4) ID number from an acceptable document (driver's license, state ID card, passport, etc.)
- (5) Upload image of the document used for ID

PENALTIES

There can be substantial penalties for nonreporting or reporting false information. Potential violations include willful failing to file a BOIR, willful filing of false information, and willful failure to correct or update previously reported information. Civil penalties are \$500 per day and criminal penalties can be up to two years in prison and up to a \$10,000 fine.

REVISIONS DUE TO POLICY CHANGES, EFFECTIVE MARCH 2, 2025

On March 2, 2025, the U.S. Department of the Treasury announced that, in relation to the Corporate Transparency Act (CTA), it would **not** enforce penalties or fines against domestic reporting companies and their beneficial owners for failure to file beneficial ownership information (BOI) reports under the existing regulatory deadlines. (Maynard Nexsen) Subsequently, on March 26, 2025, the Financial Crimes Enforcement Network (FinCEN) issued an interim final rule, effective immediately, which **exempts** all U.S.-incorporated companies (previously "domestic reporting companies") and U.S. persons from the BOI-reporting obligations under the CTA. (U.S. Department of Treasury, 2025)

Under the revised rules: (1) U.S. based companies and U.S. beneficial owners are no longer required to file BOI reports under the Corporate Transparency Act. (2) The CTA's BOI reporting obligations will now be focused solely on "foreign reporting companies". (3) For those foreign reporting companies that remain subject to the CTA, new deadlines have been established: for those registered before March 26, 2025, an initial report is due by April 25, 2025; for those registering on or after March 26, 2025, the report is due within 30 calendar days of the entity's registration becoming effective. (U.S. Department of Treasury, 2025)

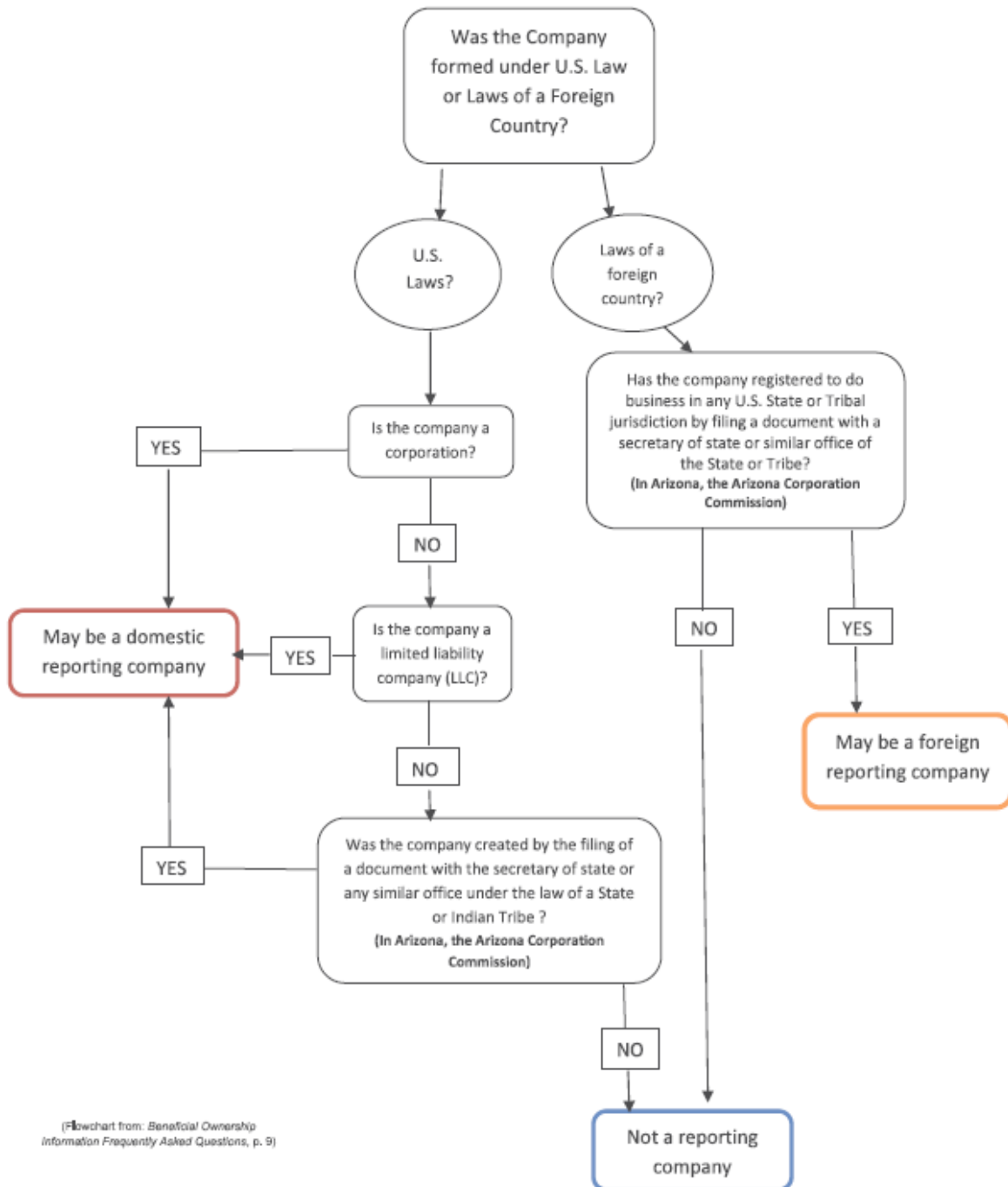
ADDITIONAL RESOURCES

“Beneficial Ownership Information Access and Safeguards” (FR Vol. 88 No. 245) — 2023-27973 <https://www.govinfo.gov/content/pkg/FR-2023-12-22/pdf/2023-27973.pdf>

“Frequently Asked Questions: Beneficial Ownership Information” (FinCEN.gov)
<https://www.fincen.gov/boi-faqs>

APPENDIX A

Use the flowchart below to determine whether your company is a reporting company.



(Flowchart from: Beneficial Ownership Information Frequently Asked Questions, p. 9)

REFERENCES

Akalp, N. (2024, July 11). *Do you need to file a BOI report?* *Forbes Magazine*.

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U.S. Department of the Treasury. (2024, February). *Small entity compliance guide for beneficial ownership information access and safeguards requirements*.

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This information has been reviewed by University faculty.

extension.arizona.edu/pubs/az2182-2026.pdf

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