

# Financial Crimes Enforcement Network 2024

Foreign & Domestic Company Requirements



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Reduce Expensive  
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Inquiries

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# Introduction

Individuals worldwide have set up shell or fictitious companies in the U.S. to generate U.S. transactions in real estate, banking, and purchase initially legitimate business entities (which ultimately develop an illicit purpose) and engage in other transactions. This is the case for U.S. citizens pursuing fraudulent acts as well as those of other nationalities. Recently, some individuals from sanctioned countries created increased attention to the drug trafficking, fraud, funding of domestic violence, support of weapons of mass destruction, money laundering, asset hiding or other illicit activity in their shell or artificial companies.

The U.S. Treasury, Financial Crimes Enforcement Network (FinCEN) has issued a requirement starting January 1, 2024, requiring beneficial owners to disclose their ownership of companies. It is strongly believed this will be a critical aid to law enforcement, tax investigations, intelligence, national security, federal functional regulators, and result in a reduction in illicit activity.



# Reporting Dates

## Initial reports

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Domestic reporting companies created on or after January 1, 2024, must file a report within thirty calendar days of the earlier of the notice of effective creation date or public notice date from the secretary of state or similar office.

Entities that become a foreign reporting company on or after January 1, 2024, shall file a report within thirty calendar days of the earlier of the registered to conduct business notice date or public notice date from the secretary of state or similar office.

A domestic reporting company created before January 1, 2024, and any entity that became a foreign reporting entity before January 1, 2024, shall file a report by January 1, 2025.

Entities that were exempt from filing shall file a report within thirty calendar days of not meeting the exemption criteria.

## Updated reports

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If changes develop on previously submitted reports, (including becoming exempt from filing), an updated report is due within thirty calendar days after the change date.

Upon the death of a beneficial owner, a change of the required information to report is deemed to occur when the estate of the deceased beneficial owner is settled. An updated report should identify any new beneficial owners.

If minor children are reported, then a change will be deemed to occur when the minor child attains majority age.

For images of identifying documents, a change occurs with respect to name, date of birth, address, or unique identifying number changes.

## Corrected reports

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Reports that are inaccurately filed are required to be corrected within thirty calendar days after the reporting company has reason to know of the inaccuracy.

# Required Reporting Information

Initial reports shall include the following:

1. Full legal name of the reporting company;
2. Trade name or “doing business” as name;
3. Current street address of the principal place of business or primary business location in the U.S.;
4. State, tribal, or foreign jurisdiction of formation or registration;
5. For a foreign reporting company, the State or Tribal jurisdiction where the company first registers.
6. The Internal Revenue Service Taxpayer Identification Number (TIN) and Employer Identification Number (EIN), or if a foreign reporting company does not have a TIN, a tax identification number issued by a foreign jurisdiction and the name of the jurisdiction;
7. For individual beneficial owners and company formation applicant or registration applicant (applicant information is not required for company formation applicants or registration applicants for companies created or registered before January 1, 2024), their full legal name, date of birth, and residential street address;
8. If a company applicant forms, creates, or registers an entity as part of the company applicant’s business services, the street address of such business;
9. An image (copy or picture) which contains a unique non-expired identifying number and the issuing jurisdiction, such as passport, state, local, or Indian tribe identification document, or state driver’s license.
10. If information is reported regarding a minor child, the report should indicate that certain information relates to the parent or legal guardian.
11. Foreign pooled investment vehicles should include the individual that exercises substantial control or if more than one individual exercises substantial control, then include the individual that exercises the greatest strategic management of the entity.

## FinCEN Identifier

An individual or company may obtain a FinCEN identifier and include the FinCEN identifier in its report in place of certain information, as such information is part of the FinCEN identifier on record. Changes or corrections to the FinCEN identifier are due within thirty calendar days of the change or when there is reason to know of an error.



# Beneficial Owner

Any individual that directly or indirectly exercises substantial control or directly or indirectly owns or controls at least 25% of the ownership interests of the reporting company.

Substantial control can be indicated by being a senior officer, authority over senior officer or authority over the board of directors or having substantial influence on reporting company FinCEN specified decisions.

# Company Applicant

Company applicants may consist of one or two individuals. One individual may directly file the document that creates the domestic company, or an individual may directly first register the foreign reporting company. A second company applicant may exist if there is an individual that was responsible for directing, guiding, or controlling the document filing or registration. No reporting company will have more than two company applicants and if only one person was involved in filing the company formation or company registration documents, then only that person is reported as the company applicant.

# Reporting Companies

Domestic reporting companies include corporations, limited liability companies (LLC) or entities created by filing a document with a secretary of state or similar state office or Indian tribe.

Foreign reporting companies include corporations, limited liability companies (LLC) or other entities formed in a foreign country and registered to do business in a state or tribal jurisdiction by filing a document with a secretary of state or similar state office or Indian tribe.

Businesses on Form 1040 may be subject to reporting if they are using a creative or doing business as (DBA) name that was registered with a state agency. Other Form 1040 businesses may need to file FinCEN reports if a disregarded entity (created by a document filing) is reported on any of the following:

1. Form 1040 Schedule C
2. Form 1040 Schedule E
3. Form 1040 Schedule F

# Exempt From Reporting

1. Companies with more than twenty full time employees in the U.S., physical operating presence, and filed a Federal income return or other U.S. information return in the previous year with more than \$5,000,000 in gross receipts, net of returns. Foreign sales (from sources outside the U.S.) are not included in the determination.
2. Companies that issued certain registered Securities Exchange Act securities or required to file specified Securities Exchange Act information.
3. Governmental authorities.
4. Most financial institutions (banks, credit unions, savings and loans, money transmitting business, securities broker or dealer, securities exchange or clearing agency).
5. Certain entities registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934.
6. Specified and registered investment companies and registered investment advisers.
7. Specified venture capital fund advisers.
8. Specified insurance companies and insurance producers.
9. Commodity Exchange Act registered entity.
10. Accounting firms registered with section 102 of the Sarbanes-Oxley Act.
11. Specified Public or financial market utilities.
12. Specified Pooled investment vehicles.
13. Specified Tax-exempt entities.
14. Specified entities that assist Tax-exempt entities.
15. Subsidiary of certain exempt entities.
16. Inactive, 100% U.S. owned, four-year-old or older entities that in the prior 12 months had no ownership changes and not sent or received more than \$1,000 in a financial account and does not hold any assets or ownership interest in any entity.

# Summary

In 2024, a new entity has thirty days after creation to report indirect or direct 25% owners and significant influencers, or direct and indirect substantial control individuals, such as a CFO, general counsel, CEO, president, or an officer with similar duties, regardless of title. An entity established before 2024 must report by January 1, 2025. The requirements can apply in unexpected situations, such as an LLC selling girl scout cookies or a yard or snow service with a registered DBA only doing business with a few customers on one street in one city.





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right size  
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