

Business Matters

Legal Alerts & Updates to Protect Your Business.

MARCH 6, 2025

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ABOUT ALERT

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New Federal B.O.I. Reporting Mandate for LLCs & Corporations Is Back In Effect.

Why: (1) It Likely Applies to Your Business & (2) Your Failure to Comply is NO Laughing Matter.

By Alia Adkins-Derrick

IMPORTANT ALERT: Now in effect for most businesses is a [new March 21, 2025 deadline to file the federally mandated initial BOI report due to the February 18, 2025 decision of the same Texas federal court \(in Smith, et al. v. U.S. Dept. of the Treasury, et al., 6:24-cv-00336 \(E.D. Tex.\) lawsuit\) that had previously entered a ruling temporarily suspending the mandate. The decision allows the mandate to move forward for all non-exempt businesses except the plaintiffs in the Alabama federal lawsuit captioned National Small Business United v. Yellen, No. 5:22-cv01448 \(N.D. Ala.\)—namely, Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the National Small Business Association \(NSBA\), and members of the NSBA as of March 1, 2024.](#)

Most know that forming a LLC, corporation (Inc., C-Corp), or other legal entity through a secretary of state or similar office or department of a state, territory, or Indian tribe in the United States of America (collectively referred to as “state”) helps to shield business owners from personal liability. Few business owners, however, realize that if you have not yet taken the necessary steps to determine whether the new Beneficial Ownership Information (“BOI”) Reporting mandate applies to your business, the clock is ticking to do so. If it turns out that it does apply and you miss (or forget) the deadline, serious civil and criminal penalties (including imprisonment) could cost you dearly of your money, time, and even your freedom. So you had better act now since ignorance of the law is no defense.

The BOI Reporting Mandate.

In recent years, the U.S. government has ramped up its efforts to crack down on financial crimes

like money laundering, tax fraud, and financing of terrorism, among other crimes. As a direct result, the Corporate Transparency Act (“CTA”), a new federal law impacting the reporting requirements of small business owners around the globe, went into effect on January 1, 2024. The CTA requires that all non-exempt US and foreign businesses doing business in the US report beneficial ownership information (“BOI”) (about the entity, its beneficial owners, and in certain cases its company applicants) to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.

Who Must File.

Generally, LLCs and other entity types created/registered by filing with a U.S. state are not exempt from the BOI Report filing mandate because they are not: (1) a “large operating company” (with 20 or more full-time employees, a physical US office, and a prior year federal income tax or information return filing of more than \$5 million in gross sales or receipts from US sources); or (2) already subject to, and operating under, other heavy federal regulations and reporting requirements. See FinCEN’s Small Entity Compliance Guide for more information on which entities qualify for an exemption. As a result, most startup companies will be required to complete a BOI Report, certify its contents are true and correct, and file it with FinCEN by the applicable deadline to avoid civil and criminal penalties.

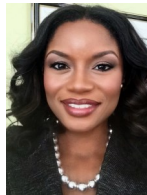
Filing Deadlines

As shown in the table on the page that follows, deadlines to make a company’s initial filing varies based on when the company was registered to do business in the U.S. However, the filing deadlines were further compli



-plicated by temporary suspensions and restarts of the filing mandate due to court rulings and subsequent decisions made in federal lawsuits challenging the FinCEN BOI Reporting mandate. As of March 6, 2025, the filing mandate is back in effect. This means that the new March 21, 2025 deadline to file the federally mandated initial BOI report applies for the majority of businesses that were formed: (1) on or before December 21, 2024; or (2) on or after January 1, 2025 but before February 20, 2025. In contrast, reporting companies that were previously given filing deadlines later than March 21, 2025, must file their initial report by that later deadline. For these companies, your actual filing deadline is determined by the date of actual or public notice of your company's creation or registration is effective. For example, reporting companies must file by the later applicable deadline of: (a) 90 days after receiving actual or public notice that the company's creation or registration is effective, if the reporting company was formed on or after December 22, 2024 and before January 1, 2025; or (b) 30 days after receiving actual or public notice that the company's creation or registration is effective, if the reporting company was formed on or after February 20, 2025.

mation may be subject to civil penalties of up to \$500 for each day that the violation continues and may also be subject to criminal penalties of up to two years imprisonment and a fine of up to \$10,000. Filing with FinCEN yourself is free. However, if you are too busy, need or simply desire assistance with properly reporting, we are here ready to help firm clients. Whatever the minimal legal cost, it is likely to pale in comparison to the costly potential civil and criminal penalties exacted against you and your business for failing or forgetting to do so by the deadline. Ultimately, then, it is in your best interest to plan ahead and take the necessary steps to file before the deadlines.



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| Date Business Created/ Registered in U.S.: | Initial BOI Report Filing Deadline: |
|---|---|
| 1. Before Jan. 1, 2024 | Now Due by Mar. 21, 2025.* *Originally Due Jan 1, 2025. |
| 2. On or before Dec. 21, 2024 | Now Due by Mar. 21, 2025.* *Originally Due within <u>90 days after</u> receiving actual or public notice that its creation or registration is effective. |
| 3. On or after Dec. 22, 2024 and before Jan. 1, 2025 | Within <u>90 days after</u> receiving actual or public notice that its creation or registration is effective. |
| 4. On or after Jan. 1, 2025 and before Feb. 20, 2025. | Now Due by Mar. 21, 2025.* *Originally Due within <u>30 days after</u> receiving actual or public notice that its creation or registration is effective. |
| 5. On or after Feb. 20, 2025. | Within <u>30 days after</u> receiving actual or public notice that its creation or registration is effective. |

Updating BOI Report is Required.

If there is any change to the required information about a reporting LLC or its beneficial owners in a BOI Report that was previously filed, the reporting LLC must file an updated BOI Report no later than 30 days after the date on which the change occurred. Similarly, if the reporting LLC identifies an inaccuracy in a BOIR that was previously filed, the reporting LLC must correct it no later than 30 days after the date the reporting LLC became aware of the inaccuracy or had reason to know of it. We, of course, regularly assist our clients with filing the BOI Report. For more information about filing it go to: <https://www.fincen.gov/boi>.

A Final Word of Caution: Civil & Criminal Penalties Apply. Violators who fail to report by the deadline or report false infor-

