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FLASH ALERT 2024-01

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A PUBLICATION FROM THE TAX DIVISION

New Federal Reporting Requirement for Beneficial Ownership Information (BOI)



Please contact your account service partner should you have any questions or comments or if you need additional information regarding these matters.

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Beginning on January 1, 2024, many companies in the United States will have to report information about their beneficial owners, i.e., the individuals who ultimately own or control the company. They will have to report the information to the Financial Crimes Enforcement Network (FinCEN). FinCEN is a bureau of the U.S. Department of the Treasury.

In Puerto Rico, the State Department has sent notices to registered companies regarding the new information requirements. This Flash Alert provides a general description of such obligation.

Who Has to Report?

A company may need to report information about its beneficial owners if it is:

- ⇒ A corporation, a limited liability company, or was otherwise created in the United States by filing a document with a secretary of state or any similar office under the law of a state or Indian tribe; or
- ⇒ A foreign company and was registered to do business in any U.S. state or Indian tribe by such a filing.

Who Does Not Have to Report?

Twenty-three types of entities¹ are exempt from the beneficial ownership information reporting requirements. An entity that qualifies for any of these exemptions is not required to submit BOI reports to FinCEN.

These entities include:

- ⇒ Publicly traded companies;
- ⇒ Nonprofits; and
- ⇒ Certain large operating companies.

When are Reports Due?

Reports will be accepted **starting** on January 1, 2024.

- ⇒ If the company was created or registered **prior** to January 1, 2024, you will have **until January 1, 2025** to report the BOI.

FLASH ALERT 2024-01

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When are Reports Due? (continued)

- ⇒ If the company is created or registered **on or after** January 1, 2024, you must report the BOI **within 30 days of notice of creation or registration**.
- ⇒ Any updates or corrections to beneficial ownership information previously filed with FinCEN must be submitted within 30 days.

VGMM's assistance

The BOI reporting requirements are mandated under Title 31 of the United States Code, "Money & Finance." Section 5336 of Title 31 includes the legal requirements of who must file, the exemptions from filing, and the information to be reported. The information to be reported on this form arises from determinations that are primarily legal in nature. Due to the legal considerations and other concerns surrounding this information, VGMM will refrain from compiling and transmitting this data on behalf of our clients.

We strongly encourage all our clients to reach out to their attorneys to complete this registration.

Additional Information

FinCen has published initial guidance about the BOI Reporting Requirements. This guide can be accessed through the following links:

- ⇒ (Link to English version) - [Small Entity Compliance Guide](#)
- ⇒ (Link to Spanish version) - [Guía de Cumplimiento para Pequeñas Entidades](#)

You may also sign up for FinCEN updates to receive immediate email updates on Beneficial Ownership by accessing [BOI Updates](#).

¹ Entities exempt from the BOI requirements are the following: 1) Securities reporting issuers; 2) Governmental authorities; 3) Banks; 4) Credit unions; 5) Depository institution holding companies; 6) Money services business; 7) Brokers or dealers in securities; 8) Securities exchange or clearing agencies; 9) Other Exchange Act registered entities; 10) Investment companies or investment advisers; 11) Venture capital fund advisers; 12) Insurance companies; 13) State-licensed insurance producers; 14) Commodity Exchange Act registered entities 15) Accounting firms; 16) Public utilities; 17) Financial market utilities; 18) Pooled investment vehicles; 19) Tax-exempt entities; 20) Entity assisting a tax-exempt entities; 21) Large operating companies; 22) Subsidiaries of certain exempt entities; and 23) Inactive entities.

Valdés, García, Marín & Martínez, LLP is a Puerto Rico based firm of Certified Public Accountants and Consultants organized as a partnership for the practice of public accounting since 1975. Over 45 years of experience in public accounting support our commitment to excellence and professionalism.

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