

Beneficial Ownership Information Reporting

Frequently Asked Questions on Exemptions (as of 1/12/24)

FinCEN has prepared the following Frequently Asked Questions (FAQs) in response to inquiries received relating to the Beneficial Ownership Information Reporting Rule.

These FAQs are explanatory only and do not supplement or modify any obligations imposed by statute or regulation. Please refer to the Beneficial Ownership Information Reporting Rule, available at www.fincen.gov/boi, for details on specific provisions. FinCEN expects to publish additional guidance in the future. Questions may be submitted on FinCEN's [Contact](#) web page.

C. 2. Are some companies exempt from the reporting requirement?

Yes, 23 types of entities are exempt from the beneficial ownership information reporting requirements. These entities include publicly traded companies meeting specified requirements, many nonprofits, and certain large operating companies.

The following table summarizes the 23 exemptions:

Exemption No.	Exemption Short 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 Exchange Act registered entity
10	Investment company or investment adviser
11	Venture capital fund adviser

12	Insurance company
13	State-licensed insurance producer
14	Commodity Exchange Act 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

FinCEN's [Small Entity Compliance Guide](#) includes this table and checklists for each of the 23 exemptions that may help determine whether a company meets an exemption (see Chapter 1.2, "Is my company exempt from the reporting requirements?"). Companies should carefully review the qualifying criteria before concluding that they are exempt. Please see additional FAQs about reporting company exemptions in "L. Reporting Company Exemptions" below.

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L. Reporting Company Exemptions

L. 1. What are the criteria for the tax-exempt entity exemption from the beneficial ownership information reporting requirement?

An entity qualifies for the tax-exempt entity exemption if any of the following four criteria apply:

(1) The entity is an organization that is described in section 501(c) of the [Internal Revenue Code of 1986](#) (Code) (determined without regard to section 508(a) of the [Code](#)) and exempt from tax under section 501(a) of the [Code](#).

(2) The entity is an organization that is described in section 501(c) of the [Code](#), and was exempt from tax under section 501(a) of the [Code](#), but lost its tax-exempt status less than 180 days ago.

(3) The entity is a political organization, as defined in section 527(e)(1) of the [Code](#), that is exempt from tax under section 527(a) of the [Code](#).

(4) The entity is a trust described in paragraph (1) or (2) of section 4947(a) of the [Code](#).

FinCEN's [Small Entity Compliance Guide](#) includes checklists for this exemption (see exemption #19) and for the additional exemptions to the reporting requirements (see Chapter 1.2, "Is my company exempt from the reporting requirements?").

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L. 2. What are the criteria for the inactive entity exemption from the beneficial ownership information reporting requirement?

An entity qualifies for the inactive entity exemption if **all six** of the following criteria apply:

(1) The entity was in existence on or before January 1, 2020.

(2) The entity is not engaged in active business.

(3) The entity is not owned by a foreign person, whether directly or indirectly, wholly or partially. "Foreign person" means a person who is not a United States person. A United States person is defined in section 7701(a)(30) of the [Internal Revenue Code of 1986](#) as a citizen or resident of the United States, domestic partnership and corporation, and other estates and trusts.

(4) The entity has not experienced any change in ownership in the preceding twelve-month period.

(5) The entity has not sent or received any funds in an amount greater than \$1,000, either directly or through any financial account in which the entity or any affiliate of the entity had an interest, in the preceding twelve-month period.

(6) The entity does not otherwise hold any kind or type of assets, whether in the United States or abroad, including any ownership interest in any corporation, limited liability company, or other similar entity.

FinCEN's [Small Entity Compliance Guide](#) includes checklists for this exemption (see exemption #23) and for the additional exemptions to the reporting requirements (see Chapter 1.2, "Is my company exempt from the reporting requirements?").

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L. 3. What are the criteria for the subsidiary exemption from the beneficial ownership information reporting requirement?

Subsidiaries of certain types of entities that are exempt from the beneficial ownership information reporting requirements may also be exempt from the reporting requirement.

An entity qualifies for the subsidiary exemption if the following applies:

The entity's ownership interests are controlled or wholly owned, directly or indirectly, by **any** of these types of exempt entities:

- Securities reporting issuer;
- Governmental authority;
- Bank;
- Credit union;
- Depository institution holding company;
- Broker or dealer in securities;
- Securities exchange or clearing agency;
- Other Exchange Act registered entity;
- Investment company or investment adviser;
- Venture capital fund adviser;
- Insurance company;
- State-licensed insurance producer;
- Commodity Exchange Act registered entity;
- Accounting firm;
- Public utility;
- Financial market utility;
- Tax-exempt entity; or
- Large operating company.

FinCEN's [Small Entity Compliance Guide](#) includes definitions of the exempt entities listed above and a checklist for this exemption (see exemption #22). FinCEN's Guide also includes checklists for the additional exemptions to the reporting requirements (see Chapter 1.2, "Is my company exempt from the reporting requirements?").

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L. 4. If I own a group of related companies, can I consolidate employees across those companies to meet the criteria of a large operating company exemption from the reporting company definition?

No. The large operating company exemption requires that the entity itself employ more than 20 full-time employees in the United States and does not permit consolidation of this employee count across multiple entities.

FinCEN's [Small Entity Compliance Guide](#) includes a checklist for this exemption (see exemption #21).

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L. 5. How does a company report to FinCEN that the company is exempt?

A company does not need to report to FinCEN that it is exempt from the BOI reporting requirements if it has always been exempt.

If a company filed a BOI report and later qualifies for an exemption, that company should file an updated BOI report to indicate that it is newly exempt from the reporting requirements. Updated BOI reports are filed electronically through the secure filing system. An updated BOI report for a newly exempt entity will only require that the entity: (1) identify itself; and (2) check a box noting its newly exempt status.

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L. 6. Does a subsidiary whose ownership interests are partially controlled by an exempt entity qualify for the subsidiary exemption?

No. If an exempt entity controls some but not all of the ownership interests of the subsidiary, the subsidiary does not qualify. To qualify, a subsidiary's ownership interests must be *fully, 100 percent* owned or controlled by an exempt entity.

A subsidiary whose ownership interests are controlled or wholly owned, directly or indirectly, by certain exempt entities is exempt from the BOI reporting requirements. In this context, control of ownership interests means that the exempt entity entirely controls all of the ownership interests in the reporting company, in the same way that an exempt entity must wholly own all of a subsidiary's ownership interests for the exemption to apply.

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