



## Nothing But A Number: How Obtaining a FinCEN Identifier Can Help You Comply with the Corporate Transparency Act

On January 1, 2024, the new reporting requirements of the Corporate Transparency Act (**CTA**) became effective, and the U.S. Treasury Financial Crimes Enforcement Network (**FinCEN**) launched their online filing system to collect initial reports (**BOI Reports**) from filing companies. For reference, previous Andrews Myers newsletter articles covering the CTA can be found [here](#).

Briefly, the CTA requires “reporting companies” to file BOI Reports, which includes certain personal information regarding its “beneficial owners” and, for entities formed on or after January 1, 2024, its “company applicants.” A reporting company’s “beneficial owners” are the individuals who (1) exercise substantial control over the reporting company, or (2) own or control 25 percent or more of its ownership interests. Its “company applicant(s)” are the individuals (up to two) who filed or directed the filing of its formation document, such as its certificate of formation. Penalties for failure to file required information include steep fines and potential incarceration.

Identification of a company’s beneficial owners and company applicants could require complex analysis, depending on the structure of the organization and is not the topic of this article. The focus, instead, is managing the personal information of the individuals that must be reported, after the reporting company has identified them. That information includes full legal names, dates of birth, home (or, for company applicants, business) addresses, current passport or driver’s license numbers, and images of the passport or driver’s license for each of the reporting company’s beneficial owners and company applicants.

Once filed, the reporting company has an ongoing obligation to update the information reported with respect to its beneficial owners (but not company applicants) within 30 days of any changes. This means that if a beneficial owner’s home address or legal name changes, those changes have to be reported to FinCEN within 30 days of the change. For structures involving holding companies and single-purpose entities, those changes could occur at various levels of the organizational tree.

Depending on the number of people and entities in an organization’s structure, obtaining and maintaining the currency of this information for every beneficial owner of every entity could require a dedicated employee or perhaps team. Collecting and storing this personal information could have privacy and cybersecurity implications as well. In a purported effort to relieve the burden on beneficial owners, applicants, and its “BOSS” online filing system, FinCEN

incorporated a mechanism allowing for individuals to apply for a unique identification number called a “FinCEN Identifier.”

The effect of a FinCEN Identifier is that an individual need only provide their personal information (and possibly unflattering driver’s license photo) to FinCEN. The individual can then provide the FinCEN Identifier to a reporting company for use in its BOI Report, in lieu of providing the reporting company with all of the personal information required above. The company then simply reports the FinCEN Identifier.

Similarly, if personal information reported by an individual for the individual’s FinCEN Identifier changes, the individual need only submit an update to FinCEN, rather than to every reporting company for which the individual is a beneficial owner. Changes to the associated information do not change the FinCEN Identifier number used by the reporting company for such an individual, so the reporting company would not have to change its reported information.

A reporting company would still have to update its reported information if an individual with a FinCEN Identifier ceased to be a beneficial owner. It could still face penalties if it participated in an individual’s willful non-compliance or reporting of false information for a FinCEN Identifier. Still, requiring beneficial owners and company applicants to obtain and furnish FinCEN Identifiers should streamline a reporting company’s obligations to some degree and require it to store less sensitive personal information of non-employees on its system.

To obtain a FinCEN Identifier:

1. Create an account at [Login.Gov](#) account, if you do not already have an existing account. If you have applied for Veteran’s benefits through the VA, you likely already have an account.
2. Use your Login.gov account information to access the [FinCEN ID Application for Individuals](#).
3. Upon completion and submission of the application, including an image of your current driver’s license or U.S. passport, you will instantly receive a number.
4. If any of the reported information changes, such as your legal name, residence (or business address, as applicable), follow the same process to submit an update within 30 days of the change.

We can report firsthand that both obtaining a FinCEN Identifier and submitting an update take less than 10 minutes.

In addition to individuals, reporting entities can also obtain FinCEN Identifiers at the time of filing their initial reports. FinCEN published a recent amendment to its Final Rule regarding the use of FinCEN Identifiers for BOI Reports by affiliated entities. It is clear that single-member, member-managed limited liability companies can report its parent’s FinCEN Identifier in lieu of all the pieces of beneficial owner information associated with its parent. Availability of this option for entities with varying beneficial owners at different branches and levels of an organization’s structure is somewhat less clear. As with many aspects of this sweeping new system, guidance

on the use of entity FinCEN Identifiers will become available to answer questions like these and best practices will ultimately develop, but this will take time.

In the meantime, consider requiring individual beneficial owners and company applicants to furnish and maintain FinCEN Identifiers for use in your entity's reporting. Doing so should alleviate some of the burdens of update requirements under the CTA.

**For more information, please contact [Susan George](#) and [Andrew Kidda](#).**