



Beyond The Basics: Growing Your Practice With Fincen Reporting

Best practices and critical information collected and compiled from over 5,000 conversations with firms



WELCOME TO THE WEBINAR

Title of the webinar



Host: Charles Wismer

Our Corporate Transparency Act webinar will be hosted by Charles Wismer, a thought leader in the FinCEN compliance space. Charles is one of the creators and CEO of FincenFetch - a leading BOI filing solution used by hundreds of firms across the U.S., including many top 100 organizations. FincenFetch began building CTA filing solutions two years before the launch of Corporate Transparency Act filings. During this time, the FincenFetch Team gathered valuable insights from thousands of discussions with accounting and law firms. Through interviews, consultations, presentations, and industry collaborations, Charles continues to play a pivotal role in shaping standards and best practices in the field. At FincenFetch, the focus is on a personalized approach to beneficial ownership reporting, tailoring plans, features, and strategies to meet the specific needs of each firm.

WEBINAR CONTENTS

Join us as we explore the four critical factors your firm must consider when planning its FinCEN filing strategy.

INTRODUCTION TO BOI REPORTS

6 questions about BOI reports

MARKET ANALYSIS

FinCEN BOI initial report market

New client opportunities

Ongoing recurring revenue from updated reports

CLIENT EXPECTATIONS

Why clients expect CPAs to help with FinCEN reporting

Problem 1 with self-filing: FinCEN's 60-page guide

Problem 2 with self-filing: the direct filing portal

Avoiding fraudulent letter scams

OFFERING REPORTING SERVICES

The 8 essential steps of each BOI report

Optimizing and automating the 8 steps

The 4 critical considerations of your ongoing CTA compliance operations plan

Questions

FINCEN'S BENEFICIAL OWNERSHIP INFORMATION (BOI) REPORTS

Where did they come from?

The Corporate Transparency Act (CTA), enacted in a bipartisan act by Congress as part of the 2021 National Defense Authorization Act, enhances transparency in entity ownership to combat financial crimes. It requires certain businesses to report beneficial ownership information to FinCEN, aligning U.S. regulations with international standards and closing loopholes used by bad actors.

Why do they exist?

FinCEN's new BOI reports build a database of every person who owns or controls a U.S. entity. Previously, the U.S. Government did not have this information as many U.S. companies do not file BOI information at the state or federal level - unlike many countries overseas that already have similar reporting processes in place. This allows bad actors to misuse U.S. entities without accountability.

What is a BOI report?

A BOI report includes the reporting company's name, address, formation state, DBAs, and federal taxpayer ID number. It also requires information on all beneficial owners, including their full legal name, DOB, current address, and identifying number from a document like a passport or driver's license and the image. New companies must also list company applicants.

FINCEN'S BENEFICIAL OWNERSHIP INFORMATION (BOI) REPORTS

Who needs to report?

Every smaller U.S. company must begin filing BOI reports in 2024 unless they qualify for a (very rare) exemption. Companies are "reporting companies" under the new regulation if they are formed by filing a document with any U.S. state. This includes LLCs, corporations, or any other type of entity.

When are reports due?

Existing companies formed prior to 2024 have until the end of the day on January 1st, 2025 to file their initial reports. New companies created in 2024 have 90 days from their formation date to file. New companies created in 2025 will have only 30 days to file their initial report. BOI reporting is NOT A ONE-TIME FILING, and companies must report any updates within 30 days of a change to avoid fines (\$500/day, \$10K or 2 years jail).

Who is exempt?

Companies that have 21 or more full-time employees AND \$5M in annual sales with a U.S. office are exempt. Other exemptions are provided to heavily regulated industries that already report BOI data to the government, such as some accounting firms, insurance companies, and publicly traded companies. The full list is here. 99%+ of companies will not be exempt.

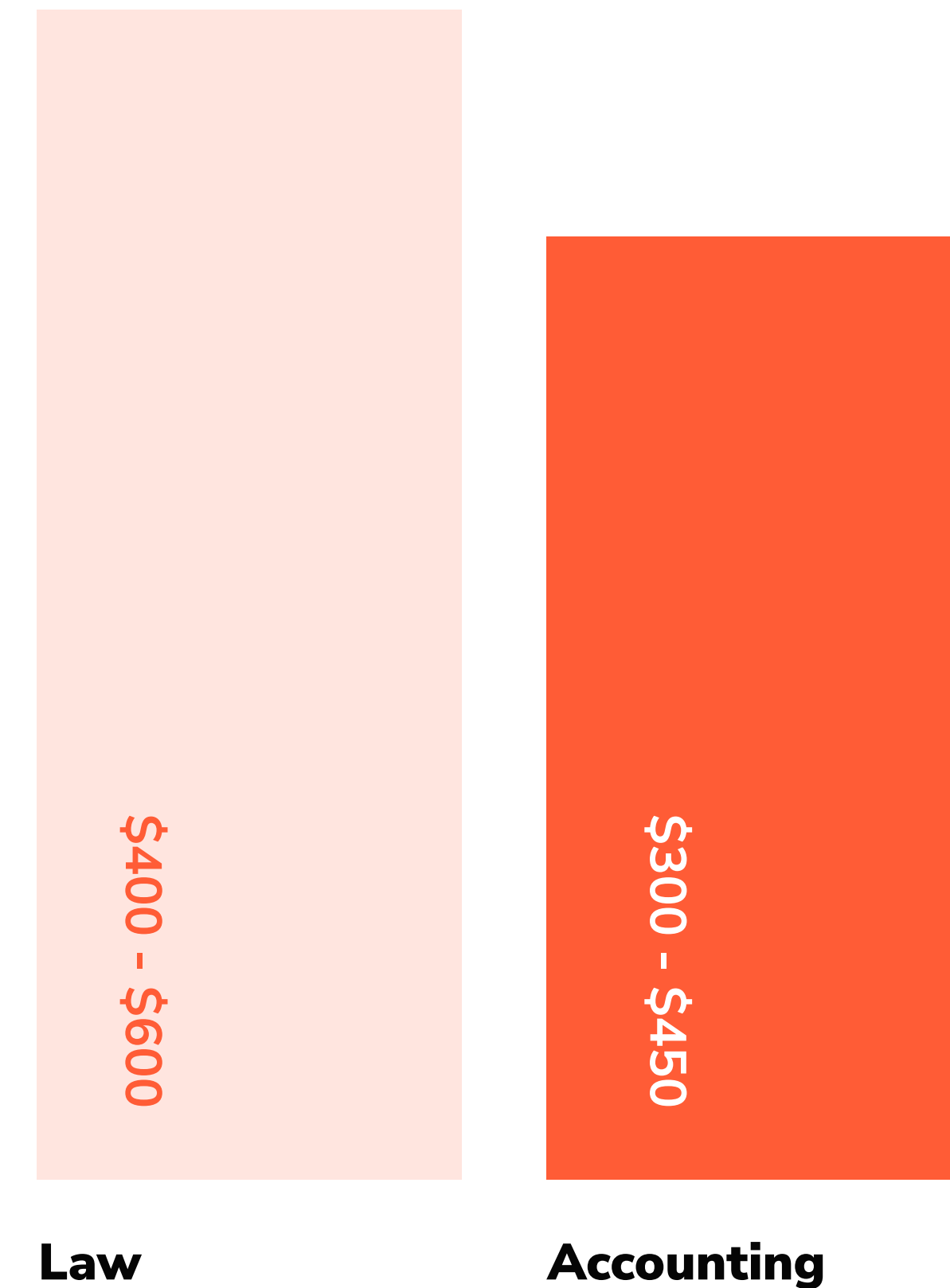
MARKET ANALYSIS

FinCEN BOI Report Filing Volume and Pricing

FinCEN filing is an enormous industry leading to around \$6.7 billion of filing revenue. Our data has found that:

- Of 40M U.S. companies, about 70% use external accounting or legal services, if only just for other mandatory Treasury filings like tax returns.
- Accountants typically bill less for BOI reporting and ongoing CTA compliance and thus will capture more of the filing volume.
- Many law firms are referring clients to accountants for these filings.
- Many clients have multiple entities beyond their business such as property LLCs, side ventures, and inactive companies.

Average Price Per BOI Report by Industry



MARKET ANALYSIS

New Client Opportunities

Many accounting firms have yet to advertise they offer BOI reporting services.

This is an enormously under-served market as business owners are confused by new definitions and don't have time to read FinCEN's 56-page guide. Many simply want to ask their filing service provider (such as their CPA or attorney) to complete the filing. The fine structure for errors on FinCEN reports frightens business owners as FinCEN has proven aggressive on pursuing FBAR fines in the past.

Fortunately, CPA firms that advertise BOI reporting also have an enormous opportunity to win new clients. Very rarely is every U.S. business (40 Million) forced to address a new confusing filing in a single year. CPA firms offering BOI reporting and ongoing CTA compliance (covered later) are growing rapidly.

2024 Initial Reports

Existing Companies: 33M

2024 New Companies: 5M

Inactive and Under-Reported Companies: 2M+

Total: 40M+ initial reports in 2024

MARKET ANALYSIS

Ongoing Recurring Revenue From Updated Reports

BOI reporting requires updated reports whenever information changes. This will lead to an estimated 1 in 3 companies filing an updated report in any given year. Many industries will have a higher rate of changes, like those with more board members, and will typically file at least one updated report annually. Many changes, like an owner's address, will require updated reports for EVERY entity with which they are associated.

For this reason, firms typically offer to store the data to make updates fast, send regular reminders about the regulation, and support updated report refiling. Even one day late for an updated report means a \$500 per day fine. For this service, firms typically bill an annual fee for ongoing CTA compliance and a per-report fee for refiling. Here are examples:

\$50 per year: Includes data storage, reminders about compliance updates, access to prior reports, compliance dashboard, and discounted updated reports when needed - such as \$150 per report.

\$200 per year: Includes all items above plus up to two updated reports per year, without additional cost.

2024 Initial Reports

Address Changes:	4.5M updates
Other Changes:	3.5M+ updates
New Companies:	5M initial reports
Total:	13M reports in 2025 and every year after

2025 and beyond reports

13M Reports

70% Engaged with Firms

60% of those choosing firm for filing

= 5.5M Reports

x \$250 average Y2 price per report

= \$1.37 billion dollars of filing revenue in 2025 and beyond

+ 50% of 16.8M reports selecting ongoing compliance with a package of at least \$50 annually per entity

= \$430 Million additional CTA compliance recurring revenue

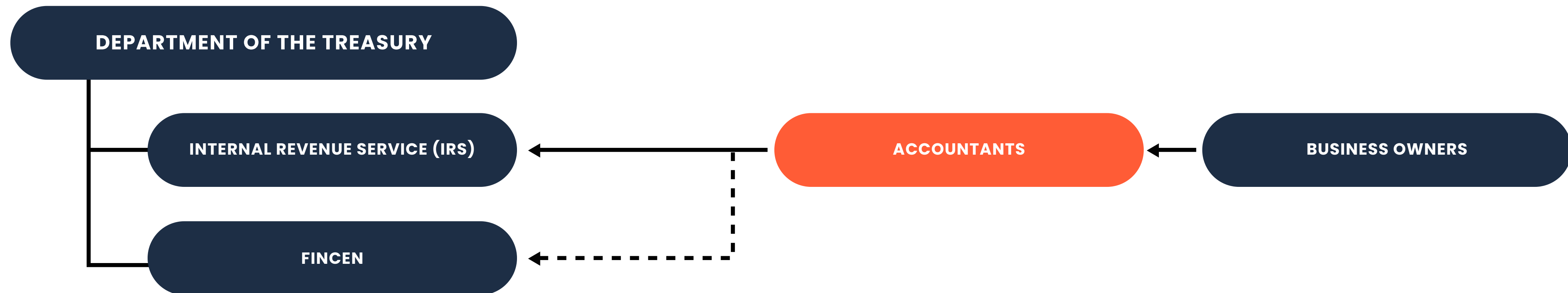
Total: \$1.79B dollars of CTA compliance & filing revenue

CLIENT EXPECTATIONS

Why Clients Expect CPAs To Help With FinCEN Reporting

Clients expect CPAs to help with FinCEN reports, given their existing focus on submitting regular returns to the Department of Treasury.

- This expectation is further reinforced by the increasing number of law firms that direct clients to accountants for these filings instead of handling them internally.
- Recent releases from [FinCEN](#) and [State Attorney General opinions](#) authorizing accountants to advise, fill out, and file BOI reports which has led to many more CPAs entering the market.
- Accountants typically interact with their clients once or more per year for mandatory filings, so are considered the best industry to send automated reminders and manage updated reports.

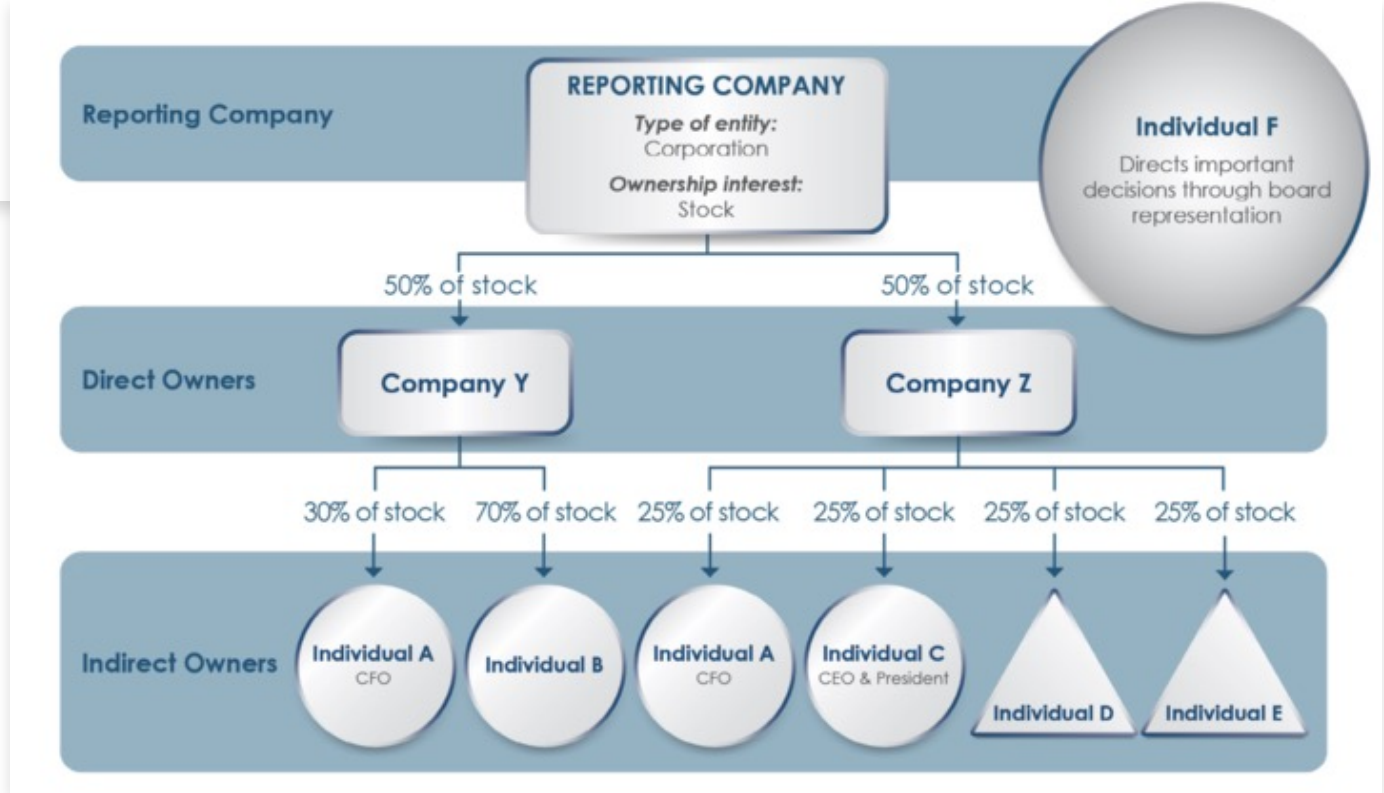
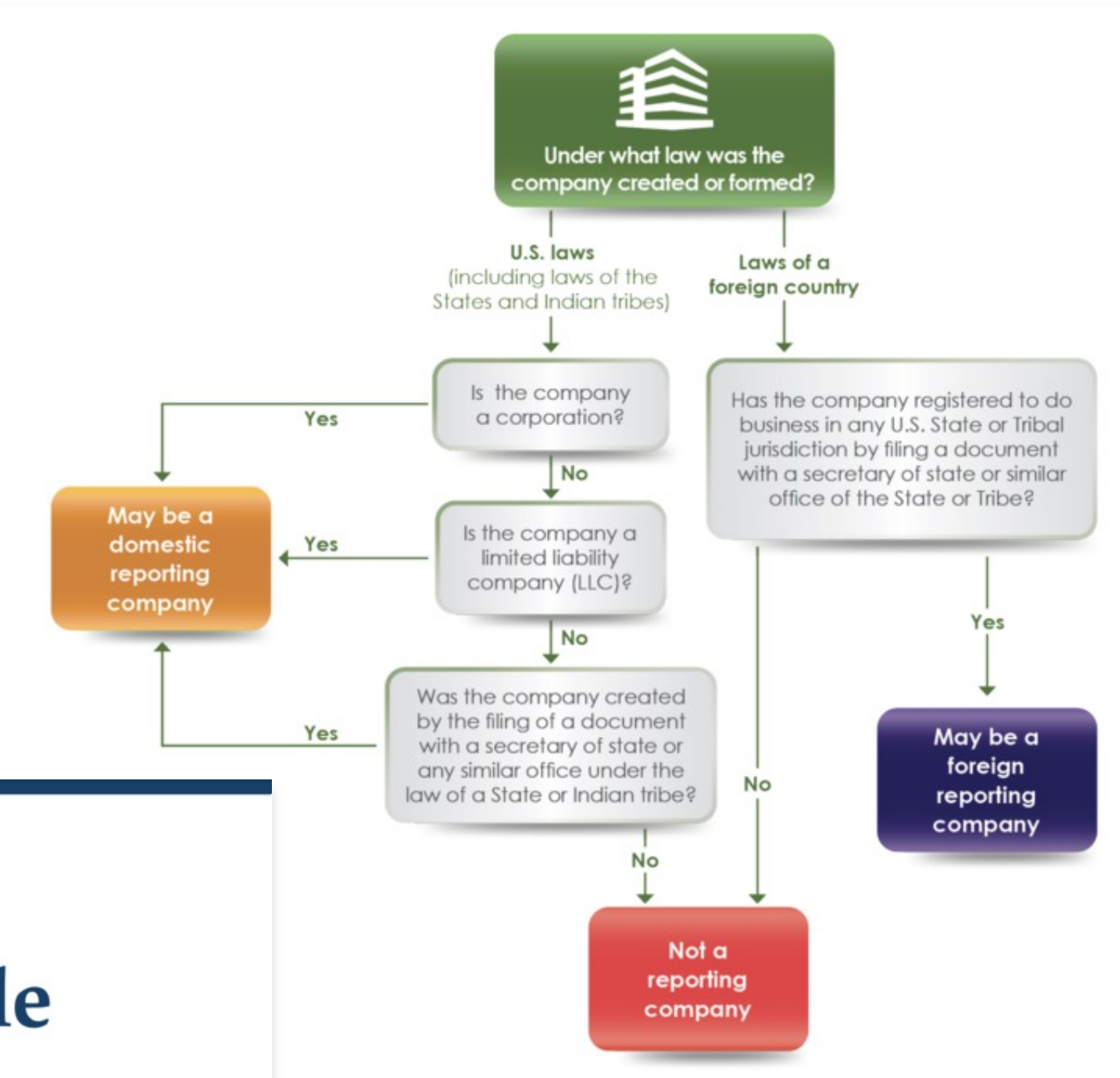


CLIENT EXPECTATIONS

Problem 1 With Owners Self-Filing: FinCEN's Difficult 60-Page Guide

FinCEN expects business owners to read the 60-page BOI reporting guide before filling out the actual BOI report. Most business owners will not find time to read this or fully understand the rules and definitions within the guide.

Unfortunately, in addition to being excessively long and confusing, this guide is also buried three links deep in a different area of FinCEN's website. The filing interface does not explain the information contained in this guide, so it's essential to read BEFORE filing.



CLIENT EXPECTATIONS

Problem 2: Confusion Points In FinCEN's Direct Filing Portal

Because most business owners won't find, read, or fully absorb the guide - they proceed right into the report interface. This leads to errors on most reports filed directly by clients.

The report interface itself doesn't explain the details required to complete reports accurately and assumes owners understand the guide. Owners will typically misreport information on confusing sections of the report including:

Under-reporting Beneficial Owners: The interface doesn't mention or explain substantial control and a Next button is placed at the bottom of the form. Many owners will report a single equity owner and move along.

Misreporting Company Applicants: These are parties that helped create companies newer than 1/1/2024. Most owners place themselves here as the "report filer" instead of the actual applicant.

Wrong Addresses: Companies using registered agent addresses or PO boxes. Business owners using PO boxes or non-residential addresses. Neither are allowed.

Lack of Error-Checking: Filers are not aware of problems because the interface does not warn or correct them before submission, meaning Treasury can fine them later if the information doesn't match a tax return.

No Easy Updated Reports: The interface also does not support fast updated reports because all reports start from the beginning. This is a big problem for those with multiple companies.

This screenshot shows the 'Beneficial Owner #1' section of the reporting form. It includes a 'Need help?' dropdown, a checkbox for '35. Parent/Guardian information instead of minor child' with a sub-note '(check if the Beneficial Owner is a minor child and the parent/guardian information is provided instead)'. Below this is the 'Beneficial Owner FinCEN ID' section with another 'Need help?' dropdown and a text input field for '36. FinCEN ID'. The 'Exempt entity' section has a 'Need help?' dropdown and a checkbox for '37. Exempt entity'. The 'Legal name and date of birth' section includes a 'Need help?' dropdown, two text input fields for '*38. Individual's last name or entity's legal name' and '*39. First name', and three input fields for '40. Middle name', '41. Suffix', and '*42. Date of birth' (with a calendar icon). A 'Residential address' section is partially visible at the bottom.

This screenshot shows the 'Company Applicant(s)' section of the reporting form. At the top, there is a navigation bar with tabs for 'Filing Information', 'Reporting Company', 'Company Applicant(s)', 'Beneficial Owner(s)', and 'Submit', along with a 'Next' button. The main form area includes a 'Need help?' dropdown, a checkbox for '16. Existing reporting company' with a sub-note '(check if existing reporting company as of January 1, 2024)', and a note '17. (This item is reserved for future use)'. Below this is the 'Part II. Company Applicant Information' section, which features an 'Add Company Applicant' button and a list of four 'Company Applicant' entries (#1 through #4), each with a 'Need help?' dropdown.


CLIENT EXPECTATIONS

Avoiding Fraudulent Letter Scams

A word of caution: Even if your firm chooses not to offer FinCEN filings for some reason, you should warn your clients about the letters that fraudsters are sending.

These letters often appear to be directly from FinCEN, but they are not. Typically, they request personal information and a check or credit card under the guise of needing these to file a BOI report. This scam is an attempt to steal PII, money, bank account information, or credit card numbers.

If you're not completing your clients' BOI reports, they are more likely to respond to these letters; please warn them about the danger.



Form **4022**
(Rev. December 2023)
United States Business Regulations Department
1-888-704-7657

Mandatory Beneficial Ownership Reporting
▶ Read Instructions Below Carefully and Return Completed Form

Notice ID 2915508
Respond By 4/18/2024
Filing Fee \$118

COMPLETE THE FORM BELOW AND RETURN
Make CHECK or MONEY ORDER payable to:
US Business Regulations Dept.

Reporting Entity
NAVIGATOR BOOKKEEPING LLC
6413 181ST PL
TINLEY PARK, IL 60477-4256
T#000004

PURSUANT TO THE UNITED STATES CORPORATE TRANSPARENCY ACT, ENACTED BY CONGRESS. US Businesses are required to report their beneficial ownership information. A reporting company is any corporation, limited liability company, or any other entities created by the filing of a document with a secretary of state or any similar office in the United States.

A beneficial owner is an individual who either directly or indirectly: (1) exercises substantial control over the reporting company (President, CEO, COO, CFO, etc.), or (2) owns or controls at least 25% of the reporting company's ownership interests.

EXEMPT ENTITIES: Inactive Entity, Dissolved Entity, 501(c)3 Non Profit.

PENALTIES FOR NON COMPLIANCE:
Companies who willfully provide false information or neglect to report by the filing deadline can face a civil penalties of up to **\$500 for each day** that the violation continues or has not been remedied. In addition, they can be **fined up to \$10,000** and/or face up to **2 years of imprisonment.**

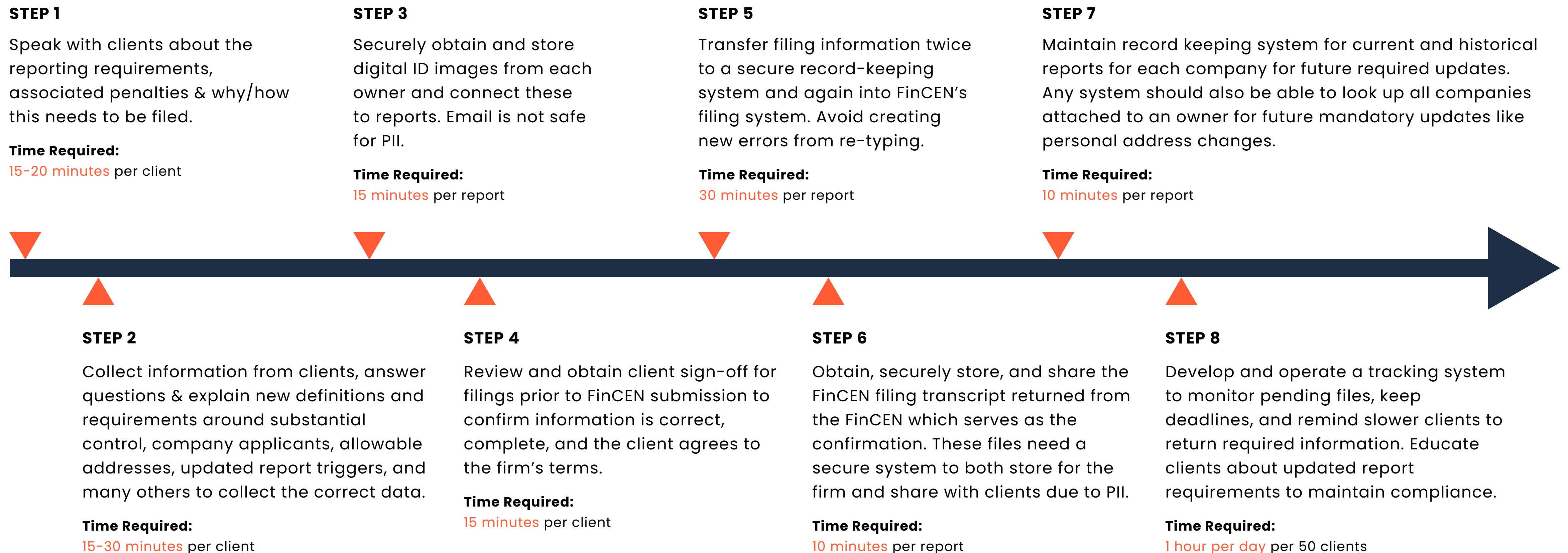
Type or print
Reporting Entity
Submitter Full Name
Employment Identification Number (EIN)
Submitter Phone Number
Submitter Email
Title (Select One)
 Owner Officer Paid Preparer

Part I Beneficial Owners
Beneficial Owner Number 1 - First Name
Middle Initial
Last Name
Address

OFFERING REPORTING SERVICES

The 8 Essential Steps Of Each BOI Report

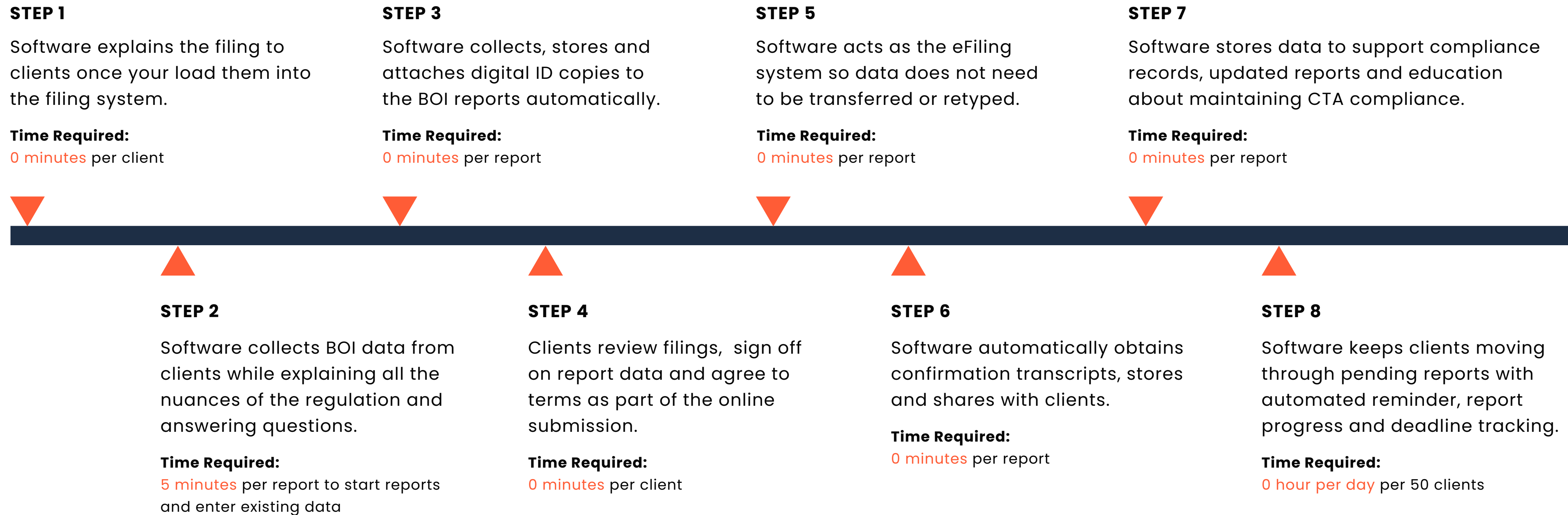
Using legacy processes, managing each BOI report can require 2+ hours of time from staff members at the firm. Answering questions can also require attention from senior staff. This time drain can lead to hiring additional staff members for BOI reporting.



OFFERING REPORTING SERVICES

Optimizing And Automating The 8 Steps

Most BOI reporting steps can be automated to reduce the time per report to under 5 minutes. Software means your firm doesn't need to hire more staff and your senior staff can continue working on other tasks.



OFFERING REPORTING SERVICES

The 4 critical considerations of your ongoing CTA compliance operations plan

Regardless of the operations system chosen to add BOI reporting as a service at your firm, the following four points should be key focuses in planning your processes.



Reducing report time with efficient processes and automated client education makes this service cost-effective for the firm, prevents hiring more staff to support filings, and frees up time from senior staff members to focus on other firm business. Automate all steps of the report to save 95% of the time requirements for every report, allowing each staff member to process 20x the report volume.



Eliminating errors and delays with check systems and reviews is critical for protecting the clients and firm. Software can check all reporting fields, auto-fill data from ID uploads, support collaborative reviews, confirm error-free filing, and prevent re-typing errors by supporting e-filing.



Organizational Systems are mandatory to track reports, manage clients, and store data securely for FinCEN compliance. Software dashboards with progress bars and automatic reminders make this easy.



Supporting Ongoing Compliance with easy updates and regulation education is necessary to help clients in future years and drive annual reoccurring revenue (ARR) for firms. Any process or software should automate updated report reminders, notify clients of expiring IDs, and make updates fast to request and file by importing the prior report.

OFFERING REPORTING SERVICES

Reducing liability for FinCEN filings

Is supporting BOI reporting considered practice of law?

Publications around CPAs supporting FinCEN filings have reversed direction in 2024. State Attorney General opinion letters are circulating stating CPAs can offer filing services, answer questions about BOI reporting rules, and prepare and file reports. FinCEN has also released recommendations that filers speak with attorneys OR accountants.

How do I minimize filing errors?

Filers using manual processes should be very careful about obtaining client sign-off on the exact information before filing, in addition to checking filings for errors, carefully transferring data, and watching deadlines. Filers using software should choose solutions that handle these elements in addition to offering ongoing reminders and data-checking features.

Will my insurance carrier allow me to handle filings?

Yes. CNA has already publicly released that they cover CTA work done by CPAs. Other insurance carriers used by our firms have also verified that they will cover BOI reporting services when CPA policyholders have called to ask. Check with your carrier, but know that many professional liability policies will cover FinCEN filings.

TIME FOR QUESTIONS!



Free eBook for CPAs