

Small Entity Compliance Guide



**Beneficial Ownership
Information**

Reporting Requirements



Financial Crimes Enforcement Network
U.S. Department of the Treasury
Version 1.1 December 2023

Large operating company (Exemption #21)

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

<p>1. The entity employs more than 20 full time employees, when applying the meaning of full-time employee provided in <u>26 CFR 54.4980H-1(a)</u> and <u>54.4980H-3</u>. In general, “full-time employee” means, with respect to a calendar month, an employee who is employed an average of at least 30 hours of service per week with an employer.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>2. More than 20 full-time employees of the entity are employed in the “United States,” as that term is defined in <u>31 CFR 1010.100(hhh)</u>.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>3. The entity has an operating presence at a physical office within the United States. “Operating presence at a physical office within the United States” means that an entity regularly conducts its business at a physical location in the United States that the entity owns or leases and that is physically distinct from the place of business of any other unaffiliated entity.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>4. The entity entity filed a Federal income tax or information return in the United States for the previous year demonstrating more than \$5,000,000 in gross receipts or sales. If the entity is part of an affiliated group of corporations within the meaning of <u>26 U.S.C. 1504</u>, refer to the consolidated return for such group.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>5. The entity reported this greater-than-\$5,000,000 amount as gross receipts or sales (net of returns and allowances) on the entity’s <u>IRS Form 1120</u>, consolidated <u>IRS Form 1120</u>, <u>IRS Form 1120-S</u>, <u>IRS Form 1065</u>, or other applicable IRS form.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>6. When gross receipts or sales from sources outside the United States, as determined under Federal income tax principle, are excluded from the entity’s amount of gross receipts or sales, the amount remains greater than \$5,000,000.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

Inactive entity (Exemption #23)

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

1. The entity was in existence on or before January 1, 2020.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. The entity is not engaged in active business.	<input type="checkbox"/> Yes <input type="checkbox"/> No
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 <u>Internal Revenue Code of 1986</u> as a citizen or resident of the United States, domestic partnership and corporation, and other estates and trusts.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. The entity has not experienced any change in ownership in the preceding twelve-month period.	<input type="checkbox"/> Yes <input type="checkbox"/> No
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No
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.	<input type="checkbox"/> Yes <input type="checkbox"/> No