



May 27, 2025

VIA ELECTRONIC SUBMISSION

Andrea Gacki
Director
Financial Crimes Enforcement Network
US Department of the Treasury
P.O. Box 39
Vienna, VA 22183

Re: Beneficial Ownership Information Reporting Requirements and Revision and Deadline Extension RIN 1506-AB49

Dear Director Gacki:

The Office of Advocacy of the U.S. Small Business Administration (Advocacy) submits this letter in response to the Financial Crimes Enforcement Network's (FinCEN) interim final rule on *Beneficial Ownership Information Reporting Requirements*.¹ Advocacy supports FinCEN's decision to exempt domestic entities from the reporting requirements and commends FinCEN for reducing the regulatory burden on small entities.

FinCEN narrows the existing beneficial ownership information reporting requirements to require only entities previously defined as "foreign reporting companies" to report beneficial ownership information. Under this interim final rule, entities previously defined as "domestic reporting companies" are exempt from the requirements and do not have to report, update, or correct previously reported information to FinCEN. Because of the interim rule, small businesses will benefit from \$6.7 billion in annualized cost savings over 10 years using a 7% discount rate (\$47.3 billion in present value).

I. The Office of Advocacy

Congress established the Office of Advocacy under Pub. L. 94-305 to represent the views of small entities before federal agencies and Congress. Advocacy is an independent office within the U.S. Small Business Administration (SBA) that seeks to ensure small business concerns are heard in the federal regulatory process. Advocacy also works to ensure that regulations do not

¹ 90 Fed. Reg. 13688 (Mar. 26, 2025).

unduly inhibit the ability of small entities to compete, innovate, or comply with federal laws. The views expressed by Advocacy do not necessarily reflect the views of the SBA or the Administration.

The Regulatory Flexibility Act (RFA),² as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA),³ gives small entities a voice in the rulemaking process. For all rules that are expected to have a significant economic impact on a substantial number of small entities, the RFA requires federal agencies to assess the impact of the proposed rule on small entities and to consider less burdensome alternatives.⁴ If a rule will not have a significant economic impact on a substantial number of small entities, agencies may certify it as such and submit a statement of the factual basis for such a determination that adequately supports its certification.⁵

The Small Business Jobs Act of 2010 requires agencies to give every appropriate consideration to comments provided by Advocacy.⁶ The agency must include a response to these written comments in any explanation or discussion accompanying the final rule's publication in the *Federal Register*, unless the agency certifies that the public interest is not served by doing so.⁷

Advocacy's comments are consistent with Congressional intent underlying the RFA, that "[w]hen adopting regulations to protect the health, safety, and economic welfare of the nation, federal agencies should seek to achieve statutory goals as effectively and efficiently as possible without imposing unnecessary burdens on the public."⁸

Advocacy performs outreach through roundtables, conference calls, and other means to develop its position on important issues such as this one. Advocacy's comments reflect the feedback that it received from stakeholders about the potential impact of the proposal on small businesses.

II. The 2021 Beneficial Ownership Information Reporting Requirements Notice of Proposed Rulemaking

On December 8, 2021, FinCEN published a notice of proposed rulemaking (NPRM) on *Beneficial Ownership Information Reporting Requirements*.⁹ The proposed regulation would implement Section 6403 of the Corporate Transparency Act (CTA), which was enacted into law as part of the National Defense Authorization Act. The proposed regulation would require certain entities to file reports that identify two categories of individuals:

1. the beneficial owners of the entity

² Pub. L. No. 96-354, 94 Stat. 1164 (1980) (codified at 5 U.S.C. §§ 601-612).

³ Pub. L. No. 104-121, tit. II, 110 Stat. 857 (1996) (codified in scattered sections of 5 U.S.C. §§601-612).

⁴ 5 U.S.C. § 603.

⁵ *Id.* § 605(b).

⁶ Small Business Jobs Act of 2010, Pub. L. No. 111-240, §1601, 214 Stat. 2551 (codified at 5 U.S.C. § 604).

⁷ *Id.*

⁸ Regulatory Flexibility Act, Pub. L. No. 96-354, 94 Stat. 1164 (1980) (codified at 5 U.S.C. §§ 601-612).

⁹ 86 Fed. Reg. 69920 (Dec. 8, 2021).

2. the individuals who have filed an application with specified governmental authorities to form the entity or register it to do business

The NPRM prescribed: (1) who must file the reports, (2) when they must file, and (3) what information must be provided. The NPRM also specified circumstances when a person violates the reporting requirements. FinCEN asserted that the purpose of the rulemaking was to help prevent and combat money laundering, terrorist financing, tax fraud, and other illicit activity.¹⁰

Advocacy submitted a comment letter on the proposed rule in 2022.¹¹ As Advocacy noted at the time, the proposed beneficial ownership rule was very costly for small entities to implement, imposing millions in total compliance costs and reporting burden hours. In the proposed rule, FinCEN assumed that all entities estimated to be reporting companies would be small businesses.¹² According to FinCEN, there were 25 million existing reporting companies and there would be three million new reporting companies per year.¹³ FinCEN estimated that there would be 32.8 million burden hours in the first year and 9.5 million burden hours each year thereafter. FinCEN estimated that the total costs for the rule would be \$1.26 billion in the first year and \$364 million thereafter.¹⁴ Because the rule would be unduly burdensome to small entities, Advocacy recommended that FinCEN allow the maximum flexibility allowed by Congress.¹⁵

III. The 2022 Beneficial Ownership Information Reporting Requirements Final Rule

On September 30, 2022, FinCEN published the *Beneficial Ownership Information Reporting Requirements* final rule, implementing the CTA's reporting requirements.¹⁶ The rule became effective on January 1, 2024. It required certain corporations, limited liability companies, and other similar entities to report certain identifying information about the reporting companies themselves, the beneficial owners who own or control them, and, for companies created on or after January 1, 2024, the company applicants who form or register them.

The final rule required domestic and foreign reporting companies created or registered to do business in the United States before the rule's effective date of January 1, 2024, to file initial BOI reports with FinCEN by January 1, 2025. Domestic reporting companies created in 2024, and those foreign reporting companies registered to do business in the United States in 2024 had 90 days to file their initial BOI reports with FinCEN. Starting on January 1, 2025, the final rule required all reporting companies created or registered on or after that date to file their initial

¹⁰ *Id.*

¹¹ U.S. Small Bus. Admin, Off. of Advocacy, Comment Letter on Proposed Rule on Beneficial Ownership Information Reporting Requirements (Feb. 4, 2022), [Beneficial Ownership Information Reporting Requirements Docket Number FinCEN-2021-0005 and RIN 1506-AB49](#).

¹² 86 Fed Reg. at 69,951.

¹³ *Id.*

¹⁴ *Id.* at 69953.

¹⁵ *Id.*

¹⁶ 87 Fed. Reg. 59498 (Sept. 30, 2022).

reports within 30 days. The January 1, 2025, deadline set in the final rule was delayed due to ongoing litigation in multiple cases.¹⁷

After publication of the final rule, Advocacy received feedback from small businesses and their representatives regarding compliance issues, including consulting costs due to engaging accountants and lawyers to determine whether they had to file, what they needed to do to comply, and the compliance date.

IV. The 2025 Interim Final Rule

On March 26, 2025, FinCEN published an interim final rule in the Federal Register on *Beneficial Ownership Information Reporting Requirements Revision and Deadline Extension*.¹⁸ In the interim final rule, FinCEN narrows the existing beneficial ownership information reporting requirements to require only entities previously defined as “foreign reporting companies” to report beneficial ownership information. Under this interim final rule, entities previously defined as “domestic reporting companies” are exempt from the requirements and do not have to report, update, or correct previously reported information to FinCEN. With limited exceptions, the interim final rule does not change the existing requirement for foreign reporting companies to file beneficial ownership reports. It extends the deadline to file initial reports, and to update or correct previously filed reports, to 30 days from the date of the publication of the interim final rule in the Federal Register. However, the interim final rule exempts foreign companies from reporting requirements regarding the information of any U.S. persons who are beneficial owners of the foreign reporting company. It also exempts U.S. persons from having to provide such information to any foreign reporting company for which they are a beneficial owner.

V. The Interim Final Rule Reduces the Regulatory Burden on Small Entities

The interim final rule produces important regulatory savings for domestic small entities.

As stated in the interim final rule, President Trump issued Executive Order (E.O.) 14192, *Unleashing Prosperity Through Deregulation*, on January 31, 2025. E.O. 14192 announced an Administration policy “to significantly reduce the private expenditures required to comply with Federal regulations to secure America’s economic prosperity and national security and the highest possible quality of life for each citizen” and “to alleviate unnecessary regulatory burdens placed on the American people.” In issuing the interim final rule, the Secretary of Treasury and the Secretary of Homeland Security determined for purposes of this interim final rule that BOI reporting by domestic reporting companies and their beneficial owners “would not serve the public interest” and “would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes.”¹⁹

Advocacy asserts that the interim final rule also addresses concerns raised in E.O. 14219, *Ensuring Lawful Governance and Implementing the President’s “Department of Government*

¹⁷ 90 Fed. Reg. at 13,689-90.

¹⁸ *Id.* at 13,688.

¹⁹ *Id.* at 13,691.

Efficiency” Deregulatory Initiative, which President Trump issued on February 25, 2025.²⁰ Section 2 (vii) of the executive order directs agencies to identify regulations that impose undue burdens on small business and impede private enterprise and entrepreneurship.

As noted above, BOI reporting would have been expensive for small entities. After the rule was finalized in 2022, Advocacy continued to receive feedback from small businesses that this rule would be burdensome as they prepared to comply. In the final regulatory flexibility analysis for the September 2022 final rule, FinCEN updated the estimates it used in the NPRM, stating that an initial population of 32.6 million small businesses would need to comply with the rule, followed by an additional five million new firms each year thereafter.²¹ These changes were significant increases from the estimates in the NPRM, representing a 30 percent increase in the number of initial firms needing to report and a 67 percent increase in the number of additional firms each year.²² These changes demonstrate that FinCEN recognized in the 2022 final rule the massive impact BOI reporting places on small businesses but continued to levy that burden without substantiating that choice with an analysis or explanation of offsetting benefits.

FinCEN’s 2025 interim final rule greatly changes the beneficial ownership reporting requirements for small firms, delivering substantial cost savings. Rather than requiring all firms with revenue under \$5 million to report, only those owned by foreign entities are required to report. Changing the focus of the requirements to fall on foreign rather than domestic firms alleviates the compliance burden on millions of legally operating small firms. This change decreases the number of firms required to file in the initial year from 32.6 million to 20,000, and from 5 million to just 5,000 in each subsequent year. As such, over the next 10 years, 77.5 million small firms will no longer be required to file.

However, according to FinCEN, an estimated 40 percent of small firms have already filed their initial beneficial ownership reports, so their costs have already been incurred and will not be saved by this rulemaking.²³ Nonetheless, with the changes to this rule, small businesses will benefit from \$6.7 billion in annualized cost savings over 10 years using a 7% discount rate (\$47.3 billion in present value).

Advocacy commends FinCEN for taking this important step to reduce the regulatory burden on small entities. Advocacy believes that small entities will appreciate FinCEN’s decision to allow for the maximum flexibility provided in the statute.

VI. Conclusion

FinCEN has taken key steps to reduce regulatory burdens on small entities. This saves \$47.3 billion over the next ten years. This change is in line with Advocacy’s previous comments and

²⁰ 90 Fed. Reg. 10583 (Feb. 25, 2025).

²¹ 87 Fed. Reg. at 59,584.

²² Estimates changed from 25 million to 32.6 million initial firms, and three to five million additional firms each year.

²³ 90 Fed. Reg. 13688 (Mar. 26, 2025).

the Trump administration's executive orders. If you have any questions or if Advocacy can be of any assistance, please do not hesitate to contact me or Jennifer Smith at Jennifer.Smith@sba.gov.

Sincerely,

Chip Bishop
Deputy Chief Counsel
Office of Advocacy
U.S. Small Business Administration

Jennifer A. Smith
Assistant Chief Counsel
for Economic Regulation & Banking
Office of Advocacy
U.S. Small Business Administration

Copy to: Mr. Jeffrey B. Clark, Sr., Acting Administrator
Office of Information and Regulatory Affairs
Office of Management and Budget