Regulatory Alert

Regulatory Insights

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CTA Beneficial Ownership Information (BOI) Reporting: FinCEN Final Rule

KPMG Regulatory Insights

- ***Interim Changes Made Permanent:*** *FinCEN's final rule makes permanent changes found in the March 2025 interim final rule that remove requirements for BOI reporting for domestic companies generally and for foreign companies about U.S. persons.*
- ***Exemptions Expanded:*** *The final rule expands the interim rule's changes to include exemptions to BOI reporting for U.S. persons acting as "company applicants" for foreign companies as well as for U.S. persons that have applied for FinCEN IDs.*
- ***BOI Data Deletion*****:** *FinCEN announced deletion of existing data about U.S. persons from the BOI database and provides details on the process it intends to follow to complete data deletion though no specific timeframe is given.*

The Department of the Treasury Financial Crimes Enforcement Network (FinCEN) issued a final rule to make permanent the interim beneficial ownership information (BOI) reporting requirements under the Corporate Transparency Act (CTA) (see KPMG Regulatory Alert here.) The final rule requires only entities previously defined as "foreign reporting companies" to report BOI, and to do so solely for foreign persons, with U.S. persons exempted. FinCEN stated that it will delete previously reported information about any individuals it reasonably believes to be U.S. persons from its beneficial ownership information database, the BO IT System (hereinafter, BOI database).

The final rule provisions include:

1. Adoption of all exemptions from the 2025 interim final rule
2. Additional new provisions to include:
   - Exemption of U.S. persons from obligations to update or correct information provided to obtain FinCEN IDs
   - Elimination of requirements for foreign companies to report U.S. person "company applicants"
3. Confirmation that previously reported information about U.S. persons will be deleted from the BOI database

Concurrently with the release of the final rule, FinCEN released a Questions and Answers document.

The rule became effective August 14, 2026.

1. Adoption of all exemptions from the 2025 interim final rule

The final rule adopts permanently all of the changes to BOI reporting requirements made by FinCEN's interim final rule issued March 2025, which redefined "reporting company" to mean only an entity that is formed under the law of a foreign country and that has registered to do business in any U.S. State or Tribal jurisdiction by the filing of a document with a secretary of state or similar office (formerly defined as a "foreign reporting company").

The permanent changes include exemptions for:

- Entities previously defined as "domestic reporting companies" from the requirement to file initial BOI reports or to update or correct previously filed BOI reports, by excluding those entities from the definition of "reporting companies."
- Entities previously defined as "foreign reporting companies" from the requirement to provide the BOI of any U.S. persons who are their beneficial owners and exempting those U.S. person beneficial owners from the requirement to provide BOI for the purpose of filing such BOI reports.
- Foreign pooled investment vehicles registered in the United States from reporting the BOI of a U.S person in control of the investment vehicle.

2. Additional new provisions

The final rule makes two "substantive" changes that expand on the relief the interim final rule relating to U.S. persons:

- U.S. persons who have applied for FinCEN identifiers (FinCEN IDs) are exempt from requirements to update or correct information provided when applying for FinCEN IDs. (Individuals who are not U.S. persons are still required to provide such updates and corrections.)
- Foreign companies are exempt from the requirement to report BOI for U.S. persons who helped those foreign companies register to do business in the United States ("company applicants"), and those U.S. person company applicants are exempt from the requirement to provide BOI for the purpose of filing such BOI reports.

3. Confirmation that previously reported information about U.S. persons will be deleted from the BOI database

FinCEN states that it will implement a process to delete information about any individuals in the BOI database who reported an identifying document that FinCEN reasonably believes was provided by a U.S. person (e.g., a U.S. passport or U.S. driver's license). These include company applicants, beneficial owners, or recipients of a FinCEN ID.

FinCEN details the process it intends to follow for deleting BOI data of U.S. persons, including:

- Relying upon information provided in previously filed BOI reports to identify all domestic reporting companies, company applicants, and beneficial owners associated with domestic reporting companies.
- Undertaking the project as a single one-time sweep of the BOI database, *not* as a regular, periodic sweep.
- Providing notice to the public on the FinCEN website when it completes the process; FinCEN does *not* anticipate requiring or requesting U.S. persons to contact FinCEN to request that their BOI data be removed and does *not* intend to provide any acknowledgement or confirmation of BOI data for a U.S. company or U.S. person.
- Not deleting BOI on a U.S. person if included in a filing made after February 10, 2027 (180 days after the rule's publication in the Federal Register) whether included intentionally or inadvertently.

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