

Supporting Statement  
OMB Control Number 1506-XXXX (RIN 1506-AB49)

Beneficial Ownership Information Reporting Requirements

1. Circumstances necessitating collection of information.

The Financial Crimes Enforcement Network (FinCEN) exercises regulatory functions primarily under the Currency and Foreign Transactions Reporting Act of 1970, as amended by other legislation, including most recently the Corporate Transparency Act (CTA).<sup>1</sup> The overall legislative framework is commonly referred to as the Bank Secrecy Act (BSA). The CTA added a new section to the BSA, 31 U.S.C. 5336, to provide for collection of beneficial ownership information.

FinCEN is issuing this statement to support the request for Office of Management and Budget (OMB) approval of a notice of proposed rulemaking (NPRM) to implement the information collection required by 31 U.S.C. 5336. This statement identifies the estimated burden hours for the new OMB control number associated with those requirements, assuming that the rule text proposed in the NPRM is finalized as proposed.

The NPRM applies to certain domestic and foreign entities that the NPRM, like the CTA, calls “reporting companies.” Under the NPRM, reporting companies include all corporations, limited liability companies, and other similar entities created by the filing of a document with a secretary of state or similar office of a state, territory, or Indian Tribe, subject to certain specific exemptions. “Reporting companies” also include all corporations, limited liability companies, and other similar entities formed under the law of a foreign country that are registered to do business in the United States by the filing of a document with a secretary of state or similar office, subject to the same exemptions.<sup>2</sup>

The proposed rule would require reporting companies to report to FinCEN the identifying information of specific individuals, namely: any individual who directly or indirectly exercises substantial control over the reporting company, or who or own or control 25 percent or more of the entity’s ownership interests (each a “beneficial owner”); and any individual who filed the documents necessary to form or register the reporting company with a secretary of state or similar office, or who directed or controlled the filing (each a “company applicant”).<sup>3</sup> This information is collectively referred to in the NPRM and here as “beneficial ownership information” or BOI. Under

<sup>1</sup> The CTA is Title LXIV of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283 (January 1, 2021) (the NDAA). Division F of the NDAA is the Anti-Money Laundering Act of 2020 (the AML Act), which includes the CTA. Section 6003(1) of the AML Act defines the BSA as comprising Section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b), Chapter 2 of Title I of Public Law 91-508 (12 U.S.C. 1951 *et seq.*), and Subchapter II of Chapter 53 of Title 31, United States Code. Congress has authorized the Secretary of the Treasury (the Secretary) to administer the BSA. The Secretary has delegated to the Director of FinCEN the authority to implement, administer, and enforce compliance with the BSA and associated regulations (Treasury Order 180-01 (Jan. 14, 2020)).

<sup>2</sup> This is intended to give effect to statutory language defining the category “reporting company.” See 31 U.S.C. 5336(a)(11).

the proposed rule, reporting companies formed or registered after the effective date of the final rule would need to report the requisite BOI to FinCEN within 14 days of formation; reporting companies already in existence before the effective date of the final rule would have one year after the effective date of the final rule to report the requisite BOI to FinCEN<sup>4</sup> Both existing and newly formed reporting companies would have to report corrected or updated BOI to FinCEN if previously reported BOI becomes inaccurate or out of date, or when an entity that was a reporting company becomes exempt.

In the NPRM, FinCEN is also proposing to require that reporting companies submit certain information identifying themselves when they report BOI. This identifying information is necessary to make the reports mandated by the CTA usable by allowing FinCEN to match beneficial owners with the entities that they own or control, and company applicants with the entities for which they have filed documents.

The proposed rule would also require that certain foreign pooled investment vehicles, which are not reporting companies by virtue of a statutory exemption, report limited BOI to FinCEN as required by the CTA.<sup>5</sup> In addition, the proposed rule would require that these foreign pooled investment vehicles, like reporting companies, submit information identifying themselves. This identifying information is necessary to make the reports mandated by the CTA usable by allowing FinCEN to match the foreign pooled investment vehicle with the limited BOI that it reports.

Finally, the NPRM proposes to require that individuals and entities wishing to obtain a unique identifier for use in future CTA reports (a “FinCEN Identifier”) submit certain identifying information about themselves.<sup>6</sup>

The collection of information proposed in the NPRM is necessary to fulfill FinCEN’s statutory obligation under the CTA to require reporting of BOI, create a highly useful database of that BOI, and make the BOI from the database available to authorized users subject to statutory access limitations.<sup>7</sup> As required by the CTA, FinCEN has aimed to minimize the burden that the proposed rule would have on reporting companies to the extent practicable.<sup>8</sup>

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<sup>3</sup> This is intended to give effect to statutory language defining the terms “beneficial owner” and “applicant.” See 31 U.S.C. 5336(a)(3) (beneficial owner), (2) (applicant).

<sup>4</sup> This is intended to give effect to statutory language concerning reporting deadlines for reporting companies. See 31 U.S.C. 5336(b)(1)(B), (C).

<sup>5</sup> This is intended to satisfy the statutory requirement for such reports. See 31 U.S.C. 5336(b)(2)(C).

<sup>6</sup> This is intended to satisfy the statutory obligation that FinCEN Identifiers be made available to individuals and entities, and that it be a unique identifier not shared by different individuals or entities. See 31 U.S.C. 5336(a)(6), (b)(3).

<sup>7</sup> See generally CTA, Section 6403.

<sup>8</sup> See 31 U.S.C. 5336(b)(4)(B)(i).

## 2. Method of collection and use of data.

FinCEN intends to collect BOI from reporting companies through an electronically available form. FinCEN has not yet proposed the form that will be used in this collection, but it has identified in the NPRM the key pieces of information that a reporting company would be required to submit about itself, its beneficial owner(s), and its company applicant(s).

Under the CTA, FinCEN is authorized to disclose BOI to certain authorized users, subject to appropriate protocols to protect the security and confidentiality of the information. Subject to certain limitations and access requirements, authorized users of BOI include: federal agencies engaged in national security, intelligence, or law enforcement activities; state, local, or Tribal law enforcement agencies; foreign law enforcement, judicial, or prosecutorial authorities; financial institutions subject to customer due diligence requirements; and certain Federal functional regulators and other appropriate regulatory agencies.<sup>9</sup>

The information collected is intended to assist law enforcement in anti-money laundering, tax, and other financial investigations; advance counterterrorism, counter-proliferation, and broader national security and intelligence interests; improve financial institutions' ability to assess and mitigate risk; help prevent evasion of financial sanctions; facilitate tax compliance; enhance the financial transparency; and advance U.S. compliance with international standards and information sharing commitments. Moreover, the reporting required by the CTA may make illicit financial activity in the United States more difficult by increasing barriers for illicit actors to covertly transact through shell or front companies within the U.S. economy.

While the CTA sets out general BOI use and access protocols, the statute requires FinCEN to establish those protocols by regulation. FinCEN will initiate this separate rulemaking at a later date.

## 3. Use of improved information technology to reduce burden.

Reporting companies will be required to submit reports electronically. In addition, reporting companies may choose to automate their compliance programs to meet their reporting requirements, including all steps associated with the identification of beneficial owners and applicants and the collection of BOI to be reported. However, there is no specific mandate that reporting companies do so.

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<sup>9</sup> 31 U.S.C. 5336(c)(2)(B), (C).

#### 4. Efforts to identify duplication.

There are no federal rules that directly or fully duplicate or overlap with the proposed rule, or that require the reporting of the same information. Therefore there is no information already available to the federal government that could be used or modified to fully satisfy the statutory requirements identified in Section 1 above or fully serve the uses identified in Section 2 above.

FinCEN has identified several potential areas of partial overlap. FinCEN intends to explore the possibility of minimizing redundant reporting created by such overlap as follows:

- The CTA requires the Administrator for Federal Procurement Policy to revise the Federal Acquisition Regulation maintained under 41 U.S.C. 1303(a)(1) to require any contractor or subcontractor that is subject to the reporting requirements of the CTA and proposed rule to disclose the same information to the federal government as part of any bid or proposal for a contract that meets the threshold set in 41 U.S.C. 134.<sup>10</sup> Additionally, Congress created a new beneficial ownership disclosure requirement for the database of federal agency contract and grant officers that already exists pursuant to 41 U.S.C. 2313(d). FinCEN proposes to collaborate with the Administrator for Federal Procurement Policy and other government agencies as necessary to reduce, to the extent possible, any duplication of the CTA requirements.
- FinCEN is aware that the IRS collects taxpayer information that may include information related to beneficial ownership, such as information on entity ownership structure and identifying information about such entities and their owners. However, disclosure of taxpayer information is limited by statute, and the IRS generally does not have authority to disclose such information for the purposes specified in the CTA.
- FinCEN is also aware that financial institutions subject to the current Customer Due Diligence (CDD) Rule are required to collect some beneficial ownership information from legal entities that establish new accounts.<sup>11</sup> However, the current CDD Rule does not require these financial institutions to file a report containing that information with FinCEN.<sup>12</sup> The CTA requires that the current CDD Rule be revised within one year after the effective date of the proposed rule.<sup>13</sup> The CTA explicitly identifies three purposes for this revision: to bring the rule into conformity with the AML Act as a whole, including the CTA; to account for any access that financial institutions will have to the database of BOI for the

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<sup>10</sup> CTA, section 6403(c)(1).

<sup>11</sup> See 31 C.F.R. 1020.210 (CDD Rule for banks), 1023.210 (CDD Rule for broker/dealers), 1024.210 (CDD Rule for mutual funds), 1026.210 (CDD Rule for futures commission merchants and introducing brokers in commodities).

<sup>12</sup> See, e.g., 81 Fed. Reg. 29398, 29401 (discussion of multipronged strategy in the implementing notice for the CDD Rule).

<sup>13</sup> CTA, Section 6403(d).

limited purpose of facilitating compliance with their own customer due diligence obligations; and to reduce unnecessary or duplicative burdens on financial institutions and customers.

5. Methods to minimize burden on small businesses or other small entities.

The BOI reporting requirements will impose a burden on any small business that qualifies as a reporting company subject to the final rule. In its initial regulatory flexibility analysis in Section VI of the NPRM, FinCEN assumes that all reporting companies will be small businesses. FinCEN expects that many of the small businesses that are reporting companies will have simple ownership structures with easily identifiable beneficial owners, resulting in minimal burden. In addition, FinCEN aims to minimize the burden on small businesses by providing clear guidance on how to comply with the final rule. To the extent practicable, and consistent with its statutory obligations, FinCEN has followed the CTA's mandate to: (1) minimize burdens on reporting companies associated with the collection of BOI, including by eliminating duplicative requirements; and (2) ensure that the BOI reported to FinCEN is accurate, complete, and highly useful. FinCEN has requested comment on how to minimize burden on small businesses that must report BOI due to these proposed requirements.

6. Consequences to the Federal government of not collecting the information.

Legal entities, including corporations, limited liability companies, and similar entities, play an essential and legitimate role in the U.S. and global economies. However, they can also be used to engage in illicit activity, launder the proceeds of illicit activity, or enable those who threaten U.S. national security to access and transact in the U.S. economy.

Requiring the disclosure of beneficial owners and company applicants is intended to help the Federal government protect U.S. national security, fight financial and other crime, and promote financial integrity and compliance with key international standards. Not collecting this information would deprive law enforcement, national security, and other authorized users of a valuable source of information to combat money laundering, terrorist financing, and other illicit activities.

7. Special circumstances requiring data collection inconsistent with guidelines.

There are no special circumstances under which the NPRM will require data collection inconsistent with guidelines.

8. Consultation with individuals outside of the agency on availability of data, frequency of collection, clarity of instructions and forms, and data elements.

On April 5, 2021, FinCEN published an Advanced Notice of Proposed Rulemaking (ANPRM) on the CTA's BOI reporting requirements.<sup>14</sup> The ANPRM sought public input on five open-ended categories of questions, including on clarifying key definitions, developing reporting procedures, and establishing compliance standards for reporting companies. The ANPRM also sought comment on FinCEN's implementation of related provisions of the CTA that govern FinCEN's maintenance and disclosure of BOI subject to appropriate access and disclosure protocols.

In response to the ANPRM, FinCEN received 220 public comments from a wide variety of commenters, including businesses, civil society organizations, trade associations, law firms, secretaries of state and other state officials, Indian Tribes, Members of Congress, and numerous individuals. The commenters expressed a range of opinions about which entities should report, what information they should report, about whom they should report, how to ensure that the implementation of the CTA generates highly useful data for authorized users, how to minimize burden on reporting companies, and more.

FinCEN has also engaged in outreach with a variety of potential stakeholders, including state and Tribal entities (e.g., secretaries of state), law enforcement, representatives of civil society organizations, financial institution trade associations, and broader business trade associations. FinCEN undertook this outreach to make these potentially interested parties aware of the CTA and to encourage them to provide written comments during the rulemaking process to ensure FinCEN considered their perspectives.

9. Payments and gifts.

No payments or gifts were made to respondents.

10. Assurance of confidentiality of responses.

Pursuant to 31 U.S.C. 5336(c), BOI collected under 31 U.S.C. 5336(b) is confidential and may not be disclosed except as authorized. The CTA authorizes disclosure to certain categories of users, subject to appropriate protocols to protect the security and confidentiality of the information. Subject to certain limitations and access requirements, authorized users of BOI include: federal agencies engaged in national security, intelligence, or law enforcement activities; state, local, or Tribal law enforcement agencies; foreign law enforcement, judicial, or prosecutorial authorities; financial institutions subject to customer due diligence requirements; and certain Federal functional regulators and other appropriate regulatory agencies.<sup>15</sup> The CTA also

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<sup>14</sup> ANPRM, *Beneficial Ownership Information Reporting Requirements*, 86 Fed. Reg. 17557-17565 (April 5, 2021).

<sup>15</sup> 31 U.S.C. 5336(c)(2)(B), (C).

provides for disclosure of BOI to persons within the Department of the Treasury whose duties require such access, and for tax administration purposes.<sup>16</sup>

As noted above, FinCEN will initiate a separate rulemaking to establish the specific protocols that will govern authorized users' access to BOI. FinCEN is also considering whether collecting BOI will require a System of Records Notice, understanding that the agency will not be able to make that determination until the proposed rule is finalized, the rulemaking concerning access and disclosure protocols is further along, and the operational details of the BOI database are better established. If FinCEN issues a System of Records Notice with respect to the BOI collected under the proposed rule, that notice will publicly identify the routine uses of the information.

#### 11. Justification of sensitive questions.

There are no questions of a sensitive nature in the collection of information.

#### 12. Estimated annual hourly burden.

FinCEN has estimated the annual hourly burden for three information collections under the proposed rule. Each information collection includes estimates for initial and updated reports or applications, as the proposed rule requires updated information be submitted to FinCEN if there are changes after the submission of an initial report. Additionally, each information collection includes estimates for Year 1 and then annual estimates for any year after Year 1 (Year 2+). This is because the proposed rule would require that all currently existing entities report BOI within Year 1. FinCEN estimates the following time burdens per report: 70 minutes per initial BOI report;<sup>17</sup> 30 minutes per updated BOI report;<sup>18</sup> 20 minutes per initial FinCEN identifier application for an individual;<sup>19</sup> 10 minutes per updated FinCEN identifier application for an individual;<sup>20</sup> 40

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<sup>16</sup> 31 U.S.C. 5336(c)(5).

<sup>17</sup> Most of the information required to be reported to FinCEN is basic information that reporting companies would have access to as part of conducting their business. FinCEN estimates the average burden of the reporting BOI as 70 minutes per response (20 minutes to read the form and understand the requirement, 30 minutes to identify and collect information about beneficial owners and applicants, 20 minutes to fill out and file the report, including attaching a scanned copy of an acceptable identification document for each beneficial owner and applicant).

<sup>18</sup> FinCEN estimates the average burden of updating such reports as 30 minutes per update (20 minutes to identify and collect information about beneficial owners or applicants and 10 minutes to fill out and file the update).

<sup>19</sup> FinCEN anticipates that initial FinCEN identifier applications would require approximately 20 minutes (10 minutes to read the form and understand the information required and 10 minutes to fill out and file the request, including attaching a scanned copy of an acceptable identification document), given that the information to be submitted to FinCEN would be readily available to the person requesting the FinCEN identifier.

<sup>20</sup> FinCEN estimates that updates to applications would require 10 minutes to fill out and file the update.

minutes per initial foreign pooled investment vehicle report;<sup>21</sup> and 20 minutes per updated foreign pooled investment vehicle report.<sup>22</sup>

a. BOI Reports

*Frequency:* As required.

*Estimated Number of Reports:*

- Initial reports, Year 1: 25,873,739 reports.<sup>23</sup>
- Initial reports, Year 2+: 3,226,613 reports.<sup>24</sup>
- Updated reports, Year 1: 5,228,785 reports.<sup>25</sup>
- Updated reports, Year 2+: 11,408,257 reports.<sup>26</sup>

*Estimated Total Reporting Burden Hours:*

- Initial reports, Year 1: 30,186,029 hours.<sup>27</sup>
- Initial reports, Year 2+: 3,764,381 hours.<sup>28</sup>
- Updated reports, Year 1: 2,614,392 hours.<sup>29</sup>
- Updated reports, Year 2+: 5,704,129 hours.<sup>30</sup>

b. Individuals Applying for a FinCEN Identifier

*Frequency:* As required.

*Estimated Number of Applications:*

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<sup>21</sup> The information required to be reported to FinCEN is basic information that reporting companies would have access to as part of conducting their business. In addition, this requirement is likely less costly than the primary BOI reporting requirement because it only requires the identification and reporting of one beneficial owner with substantial control (not ownership). Therefore, FinCEN estimates the burden of the reporting the report as 40 minutes per response (10 minutes to read the form and understand the requirement, 20 minutes to identify and collect information about beneficial owners, 10 minutes to fill out and file the report and attach a scanned copy of an acceptable identification document).

<sup>22</sup> FinCEN estimates the burden of updating or correcting such reports as 20 minutes per update (10 minutes to identify and collect information about beneficial owners and 10 minutes to fill out and file update).

<sup>23</sup> This estimate aligns with FinCEN's estimate of existing reporting companies. Please see the Paperwork Reduction Act analysis in the NPRM.

<sup>24</sup> This estimate aligns with FinCEN's estimate of new reporting companies per year. Please see the Paperwork Reduction Act analysis in the NPRM.

<sup>25</sup> FinCEN estimated updated reports using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the Paperwork Reduction Act analysis in the NPRM.

<sup>26</sup> FinCEN estimated updated reports using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the Paperwork Reduction Act analysis in the NPRM.

<sup>27</sup> (25,873,739 X 70 minutes) / 60 minutes.

<sup>28</sup> (3,226,613 initial reports X 70 minutes) / 60 minutes. While this calculation equals 3,764,382 hours, FinCEN's model includes decimal points that result in the total of 3,764,381 hours.

<sup>29</sup> (5,228,785 updated reports X 30 minutes) / 60 minutes.

<sup>30</sup> (11,408,257 updated reports X 30 minutes) / 60 minutes.



- Initial applications, Year 1: 258,737 applications.<sup>31</sup>
- Initial applications, Year 2+: 32,266 applications.<sup>32</sup>
- Updated applications, Year 1: 10,652 applications.<sup>33</sup>
- Updated applications, Year 2+: 23,241 applications.<sup>34</sup>

*Estimated Total Reporting Burden Hours:*

- Initial applications, Year 1: 86,246 hours.<sup>35</sup>
- Initial applications, Year 2+: 10,755 hours.<sup>36</sup>
- Updated applications, Year 1: 1,775 hours.<sup>37</sup>
- Updated applications, Year 2+: 3,874 hours.<sup>38</sup>

c. Foreign Pooled Investment Vehicle Reports

*Frequency:* As required.

*Estimated Number of Reports:*

- Initial reports, Year 1: 8,884 reports.<sup>39</sup>
- Initial reports, Year 2+: 1,108 reports.<sup>40</sup>
- Updated reports, Year 1: 810 reports.<sup>41</sup>
- Updated reports, Year 2+: 1,768 reports.<sup>42</sup>

*Estimated Total Reporting Burden Hours:*

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<sup>31</sup> FinCEN estimated this to be approximately 1 percent of the initial BOI reports in Year 1 estimate.

<sup>32</sup> FinCEN estimated this to be approximately 1 percent of the initial BOI reports in Year 2+ estimate.

<sup>33</sup> FinCEN estimated updated applications using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the Paperwork Reduction Act analysis in the NPRM.

<sup>34</sup> FinCEN estimated updated applications using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the Paperwork Reduction Act analysis in the NPRM.

<sup>35</sup> (258,737 initial applications X 20 minutes) / 60 minutes.

<sup>36</sup> (32,266 initial applications X 20 minutes) / 60 minutes.

<sup>37</sup> (10,652 updated applications X 10 minutes) / 60 minutes.

<sup>38</sup> (23,241 updated applications X 10 minutes) / 60 minutes.

<sup>39</sup> According to the SEC, as of June 30, 2021, registered investment advisers reported 5,671 pooled investment vehicle clients registered with a foreign financial regulatory authority and venture capital fund advisers reported 3,213 advised private funds registered with a foreign financial regulatory authority. These two counts total 8,884. However, this estimate may not account for foreign pooled investment vehicles advised by banks, credit unions, or broker-dealers.

<sup>40</sup> FinCEN calculated the estimated foreign pooled investment vehicle filers per year (8,884) by the ratio of estimated new entities to total entities based on analysis in the Paperwork Reduction Act analysis in the NPRM.

<sup>41</sup> FinCEN estimated updated reports using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the Paperwork Reduction Act analysis in the NPRM.

<sup>42</sup> FinCEN estimated updated reports using a methodology that considered the probability of an event resulting in a change to the reported information over a 30-day period. Please see the Paperwork Reduction Act analysis in the NPRM.

- Initial reports, Year 1: 5,923 hours.<sup>43</sup>
- Initial reports, Year 2+: 739 hours.<sup>44</sup>
- Updated reports, Year 1: 270 hours.<sup>45</sup>
- Updated reports, Year 2+: 589 hours.<sup>46</sup>

The burden hours for these collections are totaled in the table below:

<b>Year 1</b>		
<b>Information Collection</b>	<b>Count of Reports</b>	<b>Burden Hours</b>
Initial BOI reports	25,873,739	30,186,029
Updates for BOI	5,228,785	2,614,392
Initial identifier applications	258,737	86,246
Updates for identifiers	10,652	1,775
Initial foreign pooled investment vehicle reports	8,884	5,923
Updates for foreign pooled investment vehicles	810	270
<b>Totals</b>	<b>31,381,608</b>	<b>32,894,635</b>
<b>Year 2+</b>		
<b>Information Collection</b>	<b>Count of Reports</b>	<b>Burden Hours</b>
Initial BOI reports	3,226,613	3,764,381
Updates for BOI	11,408,257	5,704,129
Initial identifier applications	32,266	10,755
Updates for identifiers	23,241	3,874
Initial foreign pooled investment vehicle reports	1,108	739
Updates for foreign pooled investment vehicles	1,768	589
<b>Totals</b>	<b>14,693,252</b>	<b>9,484,467</b>

### 13. Estimated annual cost to respondents for hour burdens.

As noted in the prior response, FinCEN has estimated annual cost for three information collections under the proposed rule. Each information collection includes estimates for costs of initial and updated reports or applications. Additionally, each information collection includes cost estimates for Year 1 and then annual cost estimates for any year after Year 1 (Year 2+).

#### a. BOI Reports

*Estimated Total Reporting Cost:*

<sup>43</sup> (8,884 initial reports X 40 minutes) / 60 minutes.

<sup>44</sup> (1,108 initial reports X 40 minutes) / 60 minutes.

<sup>45</sup> (810 updated reports X 20 minutes) / 60 minutes.

<sup>46</sup> (1,768 updated reports X 20 minutes) / 60 minutes.

- Initial reports, Year 1: 30,186,029 X \$38.44<sup>47</sup> = \$1,160,332,854.17.<sup>48</sup>
- Initial reports, Year 2+: 3,764,381 X \$38.44 = \$144,700,558.43.<sup>49</sup>
- Updated reports, Year 1: 2,614,392 X \$38.44 = \$100,495,669.61.<sup>50</sup>
- Updated reports, Year 2+: 5,704,129 X \$38.44 = \$219,263,279.14.<sup>51</sup>

b. Individuals Applying for a FinCEN Identifier

*Estimated Total Reporting Cost:*

- Initial applications, Year 1: 86,246 X \$38.44 = \$3,315,236.73.<sup>52</sup>
- Initial applications, Year 2+: 10,755 X \$38.44 = \$413,430.17.<sup>53</sup>
- Updated applications, Year 1: 1,775 X \$38.44 = \$68,243.57.<sup>54</sup>
- Updated applications, Year 2+: 3,874 X \$38.44 = \$148,895.06.<sup>55</sup>

c. Foreign Pooled Investment Vehicle Reports

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<sup>47</sup> To estimate the average cost, FinCEN used the estimate of an average cost of \$27.07 per hour, the mean hourly wage for all employees from the May 2020 National Occupational Employment and Wage Estimates report. See U.S. Bureau of Labor Statistics, *National Occupational Employment and Wage Estimates*, (May 2020), available at [https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm). FinCEN multiplied \$27.07 by a private industry benefits factor of 1.42. This is the ratio between benefits and wages for private industry workers is \$10.83 (hourly benefits)/\$25.80 (hourly wages) = 0.42. The benefit factor is 1 plus the benefit/wages ratio, or 1.42. See U.S. Bureau of Labor Statistics, *Table 4. Employer Costs for Employee Compensation for private industry workers by occupational and industry group*, (March 2021), available at <https://www.bls.gov/news.release/eccec.t04.htm>. Therefore, the fully loaded wage rate is \$38.44 per hour

<sup>48</sup> While this calculation equals \$1,160,350,954.76, FinCEN's model includes decimal points that result in the total of \$1,160,332,854.17. FinCEN estimates it would cost the approximately 25 million domestic and foreign reporting companies that are estimated to currently exist approximately \$45 each to prepare and submit an initial report for the first year that the BOI reporting requirements are in effect. \$1,160,332,854.17 / 25,873,739 reporting companies = \$44.85, approximately \$45.

<sup>49</sup> While this calculation equals \$144,702,805.64, FinCEN's model includes decimal points that result in the total of \$144,700,558.43.

<sup>50</sup> While this calculation equals \$101,535,108.48, FinCEN's model includes decimal points that result in the total of \$100,495,669.61.

<sup>51</sup> While this calculation equals \$219,266,718.76, FinCEN's model includes decimal points that result in the total of \$219,263,279.14.

<sup>52</sup> While this calculation equals \$3,315,296.24, FinCEN's model includes decimal points that result in the total of \$3,315,236.73.

<sup>53</sup> While this calculation equals \$413,422.20, FinCEN's model includes decimal points that result in the total of \$413,430.17.

<sup>54</sup> While this calculation equals \$68,231.00, FinCEN's model includes decimal points that result in the total of \$68,243.57.

<sup>55</sup> While this calculation equals \$148,916.56, FinCEN's model includes decimal points that result in the total of \$148,895.06.

*Estimated Total Reporting Cost:*

- Initial reports, Year 1: 5,923 X \$38.44 = \$227,663.75.<sup>56</sup>
- Initial reports, Year 2+: 739 X \$38.44 = \$28,391.05.<sup>57</sup>
- Updated reports, Year 1: 270 X \$38.44 = \$10,381.80.<sup>58</sup>
- Updated reports, Year 2+: 589 X \$38.44 = \$22,651.20.<sup>59</sup>

The costs for these collections are totaled in the table below:

<b>Year 1</b>	
<b>Information Collection</b>	<b>Cost</b>
Initial BOI reports	\$1,160,332,854.17
Updates for BOI	\$100,495,669.61
Initial identifier applications	\$3,315,236.73
Updates for identifiers	\$68,243.57
Initial foreign pooled investment vehicle reports	\$227,663.75
Updates for foreign pooled investment vehicles	\$10,381.80
<b>Totals</b>	<b>\$1,264,450,049.62</b>
<b>Year 2+</b>	
<b>Information Collection</b>	<b>Cost</b>
Initial BOI reports	\$144,700,558.43
Updates for BOI	\$219,263,279.14
Initial identifier applications	\$413,430.17
Updates for identifiers	\$148,895.06
Initial foreign pooled investment vehicle reports	\$28,391.05
Updates for foreign pooled investment vehicles	\$22,651.20
<b>Totals</b>	<b>\$364,577,205.05</b>

The following table shows the estimated total costs for the first five years of these collections.

<b>Year</b>	<b>Total Cost</b>
Year 1	\$1,264,450,049.62
Year 2	\$364,577,205.05
Year 3	\$364,577,205.05
Year 4	\$364,577,205.05
Year 5	\$364,577,205.05

<sup>56</sup> While this calculation equals \$227,680.12, FinCEN’s model includes decimal points that result in the total of \$227,663.75.

<sup>57</sup> While this calculation equals \$28,407.16, FinCEN’s model includes decimal points that result in the total of \$28,391.05.

<sup>58</sup> While this calculation equals \$10,378.80, FinCEN’s model includes decimal points that result in the total of \$10,381.80.

<sup>59</sup> While this calculation equals \$22,641.16, FinCEN’s model includes decimal points that result in the total of \$22,651.20.

14. Estimated annual cost to the Federal government.

Administering the regulation would entail potential costs to FinCEN. FinCEN has not estimated an annualized cost to the Federal government, but it has described the potential costs in the NPRM. The potential costs to FinCEN include information technology (IT) development and ongoing annual maintenance, as well as processing electronic submissions of BOI data.<sup>60</sup> FinCEN estimates that initial IT development costs would be \$33 million,<sup>61</sup> with an additional \$31 million per year required to maintain the new BOI systems and the underlying FinCEN technology being leveraged to support the new capabilities. FinCEN may incur additional costs while promoting compliance with the BOI reporting requirements, potentially including providing training on the requirements, publishing documents such as guidance and FAQs, and conducting outreach to and answering inquiries from the public. FinCEN does not currently have specific estimates for these costs, but estimates that there would be relatively modest personnel costs of less than \$10 million associated with the reporting rule in both Fiscal Year 2022 and Fiscal Year 2023, with continuing recurring costs of roughly the same magnitude for ongoing outreach and enforcement thereafter. Finally, FinCEN and other government agencies may also incur costs in enforcing compliance with the regulations. FinCEN has not estimated those costs.

15. Reason for change in burden.

There have been no changes to the burden estimates included in the NPRM. This is a new reporting obligation, and burden estimates are based on predictions about which FinCEN is soliciting comments in the NPRM. If FinCEN determines that its burden estimates should be changed based on changes that need to be made to its burden analysis, FinCEN will do so in the Final Rule. All burden estimates subsequent to the Final Rule will be based, to the fullest extent possible, on actual experience complying with BOI reporting requirements.

16. Plans for tabulation, statistical analysis, and publication.

The information will not be tabulated or compiled for publication.

17. Request not to display expiration date of OMB control number.

FinCEN requests that it not be required to display the expiration date so that the regulations will not have to be amended for the new expiration date every three years.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.

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<sup>60</sup> FinCEN would also incur costs in administering access to BOI, but those costs will be considered in detail in a separate notice for the BOI access rulemaking process.

<sup>61</sup> FinCEN's cost estimates will continue to evolve as more information about systems requirements and development costs become known. For example, the requirement to include scanned images of acceptable identification documents will increase the cost of system development and implementation.

