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October 17, 2022

The Honorable Sherrod Brown  
Chairman  
The Honorable Patrick J. Toomey  
Ranking Member  
Committee on Banking, Housing, and Urban Affairs  
United States Senate

The Honorable Maxine Waters  
Chairwoman  
The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
House of Representatives

Subject: *Department of the Treasury, Financial Crimes Enforcement Network: Beneficial Ownership Information Reporting Requirements*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of the Treasury, Financial Crimes Enforcement Network (FinCEN) entitled “Beneficial Ownership Information Reporting Requirements” (RIN: 1506-AB49). We received the rule on September 30, 2022. It was published in the *Federal Register* as a final rule on September 30, 2022. 87 Fed. Reg. 59498. The effective date is January 1, 2024.

According to FinCEN, this final rule requires certain entities to file with FinCEN reports that identify two categories of individuals: the beneficial owners of the entity, and individuals who have filed an application with specified governmental authorities to create the entity or register it to do business. According to FinCEN, this final rule implements section 6403 of the Corporate Transparency Act, enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021, and describes who must file a report, what information must be provided, and when a report is due. Corporate Transparency Act, Pub. L. No. 116-283, § 6403, 134 Stat. 4604, 4605 (Jan. 1, 2021). FinCEN has stated that these requirements are intended to help prevent and combat money laundering, terrorist financing, corruption, tax fraud, and other illicit activity, while minimizing the burden on entities doing business in the United States.

Enclosed is our assessment of FinCEN’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to

the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive, flowing style.

Shirley A. Jones  
Managing Associate General Counsel

Enclosure

cc: Himamauli Das  
Acting Director, FinCEN  
Department of the Treasury

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE  
ISSUED BY THE  
DEPARTMENT OF THE TREASURY,  
FINANCIAL CRIMES ENFORCEMENT NETWORK  
ENTITLED  
“BENEFICIAL OWNERSHIP INFORMATION REPORTING REQUIREMENTS”  
(RIN: 1506-AB49)

(i) Cost-benefit analysis

The Department of the Treasury, Financial Crimes Enforcement Network (FinCEN) conducted an economic analysis of this final rule. The cost analysis conducted by FinCEN estimated costs to the public, FinCEN, and other government agencies. In the cost analysis, the public cost estimates included detailed analysis estimating the size of the affected public, costs related to filing initial Beneficial Ownership Information (BOI) reports, costs related to filing updated BOI reports, and costs relating to obtaining and maintaining a FinCEN identifier. FinCEN estimated the total cost associated with the rule to be \$22,800,287,021.69 for Year 1 and \$5,646,437,763.04 for Year 2 and after. Additionally, FinCEN identified that the benefits associated with the rule are interrelated and likely include better, more efficient investigations by law enforcement, and assistance to other authorized users in a variety of activities, which in turn may strengthen national security, enhance financial system transparency and integrity, and align the U.S. financial system more thoroughly with international financial standards.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

FinCEN concluded that this final rule will have a significant economic impact on a substantial number of small entities pursuant to the Act. FinCEN prepared a Final Regulatory Flexibility Analysis. The analysis included (1) a statement of the reasons for and objectives of the rule; (2) a summary of the significant issues raised by the public comments in response to the Initial Regulatory Flexibility Analysis, a summary of the assessment of the agency of such issues, and a statement of any changes made in the proposed rule as a result of such comments; (3) FinCEN’s response to a comment filed by the Chief Counsel for Advocacy of the Small Business Administration in response to the proposed rule, and a detailed statement of any change made to the proposed rule in the final rule as a result of the comment; (4) a description and estimate of the number of small entities to which the rule will apply; (5) a description of the projected reporting, recordkeeping, and other compliance requirements of the rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for the preparation of the report or record; and (6) a description of the steps the agency has taken to minimize the significant economic impact on small entities consistent with the stated objectives of applicable statutes, including a statement of the factual, policy, and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on the small entities was rejected.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

FinCEN determined that this final rule will result in an expenditure of \$165 million or more annually by state, local, and tribal governments or by the private sector. FinCEN indicated that it believes that the regulatory impact analysis published in the rule as supplementary information provides the analysis required by the Act.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On December 8, 2021, FinCEN published a proposed rule. 86 Fed. Reg. 69920. FinCEN received over 240 comments from a broad array of individuals and organizations, including Members of Congress, government officials, groups representing small business interests, corporate transparency advocacy groups, the financial industry and trade associations representing its members, law enforcement representatives, and other interested groups and individuals. FinCEN stated that it carefully reviewed and considered each comment submitted and responded to comments in this final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

FinCEN determined that this final rule contains information collection requirements under the Act. According to FinCEN, the new reporting requirement contained in the rule has been approved by the Office of Management and Budget (OMB). FinCEN indicated that the rule includes two information collection requirements: BOI reports (OMB Control Number 1506-0076) and individual FinCEN identifiers (OMB Control Number 1506-0076). FinCEN stated that the total five-year average of burden hours for BOI reports is 53,270,307; additionally, FinCEN estimated that the total cost in Year 1 of initial BOI reports is \$21.7 billion and that the total cost of initial BOI reports annually in Year 2 and onwards is \$3.3 billion. For individual FinCEN identifiers, FinCEN estimated that the total five-year average of time burden is 38,983 and that the total five-year average cost is \$2,212,584.

Statutory authorization for the rule

FinCEN promulgated this final rule pursuant to section 6403 of the Corporate Transparency Act, enacted into law as part of the National Defense Authorization Act for Fiscal Year 2021. Corporate Transparency Act, Pub. L. No. 116-283, § 6403, 134 Stat. 4604, 4605 (Jan. 1, 2021). FinCEN also promulgated the rule pursuant to sections 1829b and 1951–1959 of title 12, United States Code; sections 5311–5314 and 5316–5336 of title 31, United States Code; title III, section 314 of Public Law 107-56, 115 Stat. 307; section 701 of Public Law 114-74, 129 Stat. 599; and section 6403 of Public Law 116-283, 134 Stat. 3388.

Executive Order No. 12866 (Regulatory Planning and Review)

FinCEN stated that it has been determined that this final rule is a significant regulatory action and economically significant under the Order. FinCEN stated that OMB has reviewed the rule.

Executive Order No. 13132 (Federalism)

In its submission to us, FinCEN indicated that it did not discuss the Order in this final rule.