

TRANSCRIPT

On Your Terms



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Episode #: 185

New Law Alert: BOI Reporting Requirements (+ free Guide!)

Sam Vander Wielen:

Happy New Year and happy new law, I guess. I don't think we're celebrating this one, but it's really not that big of a deal. I swear to you, yes, there is a new law that applies to you if you own your own business, but, I'm telling you, it's really not that big of a deal. And I'm going to walk you through what it is, what you have to do about it really quickly. And I have a free resource for you, a new free BOI guide down for you below in the show notes.

But first things first, welcome back to On Your Terms in the New Year. Brand new year, new us, new everything, right? I don't know. Hopefully, by the time you're listening to this, my new branding is out. If not, it's happening any second. But you're going to see a lot of freshness around the podcast, which I'm really, really excited for, like new podcast cover, we have a new description, an updated trailer, all the branding and all that kind of stuff is changing for the podcast. And a lot of that's because all of my business branding and website and all that is changing as well, just that part takes a lot longer. So, that's all been in the works for pretty much the last year or so. I'm really, really excited for the freshness that branding brings in the new year.

And I also wanted to chat with you really quickly before we get into today's episode and this new BOI reporting requirement and all that good stuff, because I know that for some people the new year is not exactly the whole new year, new you, fun, fresh start feeling. I feel like since my parents died, too, I don't love the new year. I don't love any, like, big changes. So, I haven't loved seasonal transitions. I haven't loved even new months, to be honest any kind of changes or anything that signals that we're moving on, going to the next phase, new year.

My dad died about a-year-and-a-half ago, and so I remember this time last year when we were going into 2023, it was the first time it was going to be

a new year without him, and I really didn't like that. Now, this is going to be the first year without my mom and the first year without both of them, so I just don't like it. I'm going to be honest with you, I just have a hard time. So, I give a lot of credit to all my friends out there who are struggling with grief stuff around the holiday season and around the new year.

But also for any of you who maybe you haven't lost somebody recently, but you're just not feeling that new year feeling or there's something about the new year that makes you a little sad, I think that's really normal too. I know a lot of my friends will say, "I feel like I'm the only one, but the new year makes me a little sad." And I'm like, "You know what's funny? A lot of people say that and so you're definitely not alone." I think we don't hear people talk about it as often, so I'm honoring that the new year doesn't always feel fun and exciting. I've had new years that have felt very much like that. So, if you're in a season of I'm just so pumped about 2024 and I'm excited about the new year and all of that, then that's amazing too. But it's just also okay to be in whatever season you're in.

I know for me, January is going to be a bit of a head down month. So, I'm doing a little bit of traveling in the beginning of the month and then I am really just going to have my head down to finish and write this book. The book is due really soon, so I'm kind of simultaneously flipping between writing new chapters and going back and editing chapters that my editor has returned back to me. So, sometimes it's edits related to simple stuff, like word choice, or I don't know what this means, or this isn't going to make sense to people. And that is so helpful, by the way, because when you're in your own head and you know what you're talking about or you know your story or whatever, it's kind of easy to forget that everybody else doesn't know always what's going on in your head. So, there's those kinds of edits, but then there's heavier edits that are like removing entire sections or telling me to condense stories or taking the section out of one chapter and being like I think you should put this in the next chapter.

And it's all pretty much optional, which was not something, I guess, I knew or thought about going into the book writing process. But she makes suggestions to me and they're not requirements unless she tells me that

they are. So, obviously, I want to take her direction on this because she's the expert and I want to write a really good book and I want an outside set of eyes looking at my stuff so that I'm not just going off of what makes sense in my head. And at the same time, you have to balance that with making sure things sound like you or are true to your style or really fit the vision of what you thought your book or whatever was going to look like. So, it's a super interesting balance.

I obviously don't know how to navigate it yet because I'm just going through it for the first time, but, yeah, it's really interesting writing the book because I'm balancing those edits and then the new writing and it's kind of like two completely different tasks. So, at least for me, the way that I've been navigating this is like you know how you're just in different moods to do different things, and so when I'm feeling much more energetic and creative, I try to write. And then, when I'm a little bit burnt out on writing, I'm just like, I have nothing else to say, I go back and I edit because a lot of that is just like moving things around or I've already done the writing but I'm just making it better.

So, that's really what I'm doing right now. It's what I'm going to be doing for all of January, probably all of February. Then, I'm going to have a lot of copy edits back and forth. So, this has been quite the ride writing my own book. I think going into this year, I'm just like, I can't believe this is the year this is coming out. That's really wild. And I'm really excited to start being able to share about it and inviting people to order it and all that good stuff. So, that's what I've got on my mind for 2024.

So, without further ado, let's get into talking about this new law, this new reporting requirement, the BOI, the Beneficial Ownership Information reporting requirement.

So, there's a new law, in case you haven't heard, that is just coming out. It's effective today, so January 1, 2024 it's effective. We're pretty much all required to comply if we have a business. So, if you've taken basically any steps - and I'm going to use a lot of non-legal non-lawyery sounding language in this episode because the whole point is just to break it down in plain English. So, pretty much anybody who has taken any step to start a

business, like you formed a business, you've registered a business, you've applied, that kind of thing, that requires you to fill out this form on a Federal Government website stating who owns your company, presumably you. Most of my listeners are sole owners of their own companies. But, obviously, if you had a partner, a business partner, somebody else owned the business with you, you'd have to report their information as well.

Pretty much the gist of this law, this requirement, is that the government wanted to increase transparency around who owns what company so that people are able to go online and figure out who owns a company. Now, of course, if I can put my cynical lawyer hat on for a second, I think it's kind of funny that this law came out with the aim of increasing transparency, and a lot of the talk around it was around big tech and financial stuff, like banks and financial firms and privacy, and blah, blah, blah, all these kinds of things. And then, if you look at the list of exemptions, who's exempted from having to file this and having to report their information, a lot of the companies that this was alleged to be created for were then excluded.

And I just always find it funny that small business owners end up getting squeezed by these big requirements. It's really, really frustrating. I see it all the time where I'm dealing with small business owners who are like, "Wait. So, I have to go through all of this or I have to pay this extra fee or this extra tax?" And it's like, that thing was created for big businesses, but yet it's all being applied to us. Just like there are a lot of independent contractor laws that have rolled out around the country, thanks to companies like Uber and stuff, where they have everybody working as a contractor but they were doing certain things that were treating them like employees or not paying them right or whatever. So, they make these really, really strict laws about independent contractors and it ends up really impacting people like us, because now some of my customers in certain states can't hire people as contractors because they're classified as employees but they can't afford to. And that's really not what the law was meant to do.

So, I just wanted to give that as a quick aside event sesh because I know I sent to my email list a couple of weeks ago my free BOI guide that you can get down in my show notes. And a lot of people wrote back and were like,

"Thank you so much. I'm really appreciative." And I'm also really frustrated that we have to do this and yet the people who it was created for were excluded. And I didn't even tell people that in the email. I tried to keep it kind of positive, but people know and they can see in terms of what it says why the law was created. So, it's frustrating and I just wanted to recognize that.

Okay. So, let's dive into some of the logistics about this new law, what it requires you to do, and when you're required to do it. So, first things first, the Beneficial Ownership Information, BOI, reporting was a regulation that came out of a new law passed in the United States called the Corporate Transparency Act. This Beneficial Ownership Information reporting requirement goes into effect today, January 1, 2024. So, like I said earlier, one of its requirements is that all registered or formed businesses, pretty much 99.9 percent of us, have to fill out a form on a government website stating who owns our businesses.

The form itself is going to be free. The government says on its website that you're not going to need a lawyer, you should not need a lawyer, that you should not need CPA assistance, or basically any professional assistance. This should be something basic that you're able to complete.

Now, why am I talking about this form like it's a hypothetical form? Well, because the government came up with this law and that it goes into effect on January 1. Luckily, they gave us a lot of time to comply, which I'll go over in a second. But they actually haven't released the form yet. So, as of the date I'm recording this, in mid-December, we don't have access to the form. So, I have to talk about the form in a very hypothetical way right now, but they do say that once it comes out, you're going to see, it's very easy. So, I'm just going off of what they're saying because that's really all I can do.

So, what the law says is that all reporting companies are required to report this information. And they define reporting companies as two different categories of companies. The first is a corporation, a limited liability company, aka an LLC, or a company that was otherwise created in

the United States by filing a document with the Secretary of State or any other similar office under the law of that state or of an Indian Tribe.

So, basically what that means in English is that a reporting company who is a company that's required to report is a company that you've registered in the United States. That's how I would take that. So, some of you might have a sole proprietorship that you've registered, an LLC, a corporation, a partnership, whatever. If you've registered it, you count as a reporting company.

The other category and the other type of company that falls under a reporting company is a foreign company that was registered to do business in any U.S. state or Indian Tribe by such a filing. So, what that means is that if you live overseas, if you live in the UK, for example, but you registered your business here in the U.S., you registered as a business able to do business in the U.S., you're also required to register under BOI.

There are 23 exceptions for who's able to or who's required to file this form, nonprofits are one of them. So, that's pretty much the only one that I can see really applying to many of my listeners because some of you have nonprofits. But I'm going to include or I have included a link for you inside of my free BOI guide that lays out all the exemptions for you. So, you're going to want to download that guide. It has a link to all the exemptions. I have a feeling they don't apply to you, but it could, like I said, so check the list.

Okay. Now, how should you file your form and when can you file it? So, the form is available, like I said, starting on January 1st. The link to get the form is inside of my free BOI guide. And reporting will then start on January 1st, because that's the first day that the form becomes available. But here's the gist of when you need to register. I would say, overall, it's pretty much not a rush. It's just something to be aware of and plan for because I have a feeling what's going to happen is everyone's going to delay and then everyone's going to rush to do it at the end.

So, here's the deal, if you created or registered your business prior to January 1, 2024, you have until January 1, 2025 to file your form. So, again, basically if you've registered your business before today, before January 1st of 2024, you have this entire calendar year to get this filing in. The issue starts to become that if you start to create or register a business from today, January 1, 2024 onwards, the time period gets much shorter. So, if you create or register your business on or after January 1, 2024, you will have to report your BOI form within 90 days after receiving notice that your business registration is effective.

When we jump to next year, January 1st of 2025, and if you register a business after that time, you then will only have 30 days to register the BOI form after receiving notice that your business registration is effective.

The thing that applies to all of us, the tighter deadline that applies to all of us, is that once we submit our BOI report to the government, you will have to submit changes moving forward within 30 days of that change being made. So, let's say that you go to submit your BOI form in February, and then in March somebody approaches you to buy half of your business or you decide to partner up with somebody, you would only have 30 days after making that change of them becoming a part owner, you would only have 30 days to update your BOI form. So, it's something you have to factor in moving forward.

Like I said, it's really no big deal. I'm not trying to make a big deal of it. It's just something that's legally required of you. It's a new law. So, most of what I wanted to do today was just break it down to show you how easy and not too big of a deal this is, but also to let you know that I have this free resource for you with my new BOI Federal requirement registration guide, and I'm going to walk you through it.

The other big thing and the reason why you want to get this guide for me is because if you're not already on my email list, this guide will put you on my email list, and only my email list is going to get a video walkthrough tutorial. So, I'm going to send everybody on my email list a very quick tutorial about exactly how to fill this out, what the form looks like. I'm

going to do it in real time as soon as it becomes available. So, you want to make sure that you get on my email list. Just go click the link in my show notes below to get your free BOI guide.

So, with that, I hope that this was helpful. I wanted to give you a little bit of a takeaway to-do list. When I did a recent survey of my email list about On Your Terms and people who listen to the podcast, I asked what are some things you would like me to do. And a few people mentioned, I would love if you rounded out episodes with some sort of task or to-do list.

So, my to-do list for you after listening to this episode is to, number one, go get the free guide that I've prepared for you in the show notes because it has everything in it that you need. Two, is find out what your date is that your form is due based on what I tell you in the guide and set a reminder today on your calendar or in your Asana board or wherever you keep that kind of stuff, set a reminder for yourself. Obviously, once you set the reminder for yourself to do it, review the form, fill it out and submit it. That's it. Those are the three things I want you to do.

So, I hope that this episode was helpful. I can't wait to chat with you next week. We've got a big episode coming next week. It's part one of a four-part series all about how to kickstart your business in 2024. Whether you've already started your business or not, this four-part series is going to walk you through how to seriously, epically scale your business in 2024. So, I'm really looking forward to it. I'll see you next Monday with part one of that new series.

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