

New Information Reporting on Beneficial Owners Included in 2021 NDAA

“Earlier this month, both houses of Congress passed the 2021 National Defense Authorization Act (‘2021 NDAA’),” write Pooja Shah Kothari and Michael M. Lloyd in *Covington’s Information Reporting*.

“Included in Title LXIV of the 2021 NDAA (Title 64 for those of us rusty on Roman numerals), are new information reporting requirements intended to identify individual beneficial owners of certain business entities. Subject to a number of exceptions, the bill requires certain U.S. and foreign entities to file annual reports with the U.S. Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) that will disclose information regarding the beneficial owners of reporting companies. Overall, the reporting will identify those individuals exercising “control,” as the term is defined, over those entities required to report. According to the legislation, over two million corporations, LLCs, and similar entities are formed under state law in the United States each year, and many “malign actors seek to conceal their ownership” of various entities intended to facilitate illegal activity. Accordingly, the reporting mandated by the legislation is intended to help protect national security interests and interstate and foreign commerce, as well as counter the financing of terrorism.”

Read the article.