July 14, 2023

The Honorable Patrick McHenry
Chairman
House Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman McHenry,

The American Institute of CPAs (AICPA) supports the efforts of the Financial Crimes Enforcement Network (FinCEN) to protect the vital U.S. national security interests to better enable critical national security, intelligence, and law enforcement efforts to counter money laundering, the financing of terrorism and other illicit activity. We also appreciate the Chairman’s leadership to encourage an informed pause as FinCEN seeks to finalize the regulatory rulemakings required under the Corporate Transparency Act (PL 116-283) and in particular as Beneficial Ownership Information (BOI) reporting takes effect at the beginning of 2024.

However, we have concerns with the worrying lack of awareness for small business owners around their requirements to file BOI with FinCEN, as well as the broad scope of information FinCEN has indicated it will be including in the reporting form. For these reasons, we believe a delay is necessary to ensure CPA firms and their small business clients have the necessary understanding to fully comply with the BOI reporting requirements. We support H.R. 4035, the Protecting Small Business Information Act of 2023, which would delay the effective date for small businesses to comply with FinCEN BOI reporting until such date that all three rules required to implement the Corporate Transparency Act are finalized.

There are more than 50,000 CPA firms in the 55 United States licensing jurisdictions. More than 80% of the approximately 50,000 CPA firms in the United States are smaller firms. Further, approximately 30,000 or more of these CPA firms are sole practitioners, with many organized as LLCs. Additionally, FinCEN has estimated that during the first year of the BOI reporting implementation there will be approximately 32.6 million filings, and an additional five to six million filings each year thereafter. It has been our experience, and despite the AICPA’s robust and ongoing outreach engagement efforts (including social media, podcasts, webinars, web and print articles, presenting at AICPA conferences, meetings, and townhalls, etc.) to prepare our small firm CPA partners for the effective date of the BOI reporting requirements, some small firms and many more small business clients remain as unaware of the reporting requirements as they are of FinCEN.

We support the pause that would be provided by H.R. 4035, the Protecting Small Business Information Act of 2023. We believe such a pause is necessary to ensure adequate time and understanding of the BOI reporting requirements by all who must comply, and we urge the Committee to consider H.R. 4035 as soon as possible.
The AICPA is the world’s largest member association representing the CPA profession, with more than 421,000 members in the United States and worldwide, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education, and consulting. The AICPA sets ethical standards for its members and U.S. auditing and attestation standards for private companies, not-for-profit organizations, and federal, state, and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent, and drives continuing education to advance the vitality, relevance, and quality of the profession.

We appreciate your consideration of our recommendations and welcome the opportunity to further discuss our comments. If you have any questions, please contact Kate Kiley, AICPA Director – Congressional and Political Affairs at 202-434-9219, or Kate.Kiley@aicpa-cima.com; or Melanie Lauridsen, AICPA Director – Tax Practice & Ethics, at (202) 434-9235 or Melanie.Lauridsen@aicpa-cima.com.

Sincerely,

Susan S. Coffey, CPA, CGMA
Chief Executive Officer – Public Accounting