Corporate Transparency Act Compliance Alert
March 2025

New CTA Rule Exempts US Companies From Reporting

Key Takeaways

- On March 21, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an interim final rule that significantly narrows reporting requirements under the Corporate Transparency Act (CTA).
- The interim final rule removes the requirement for U.S. companies and U.S. persons to report beneficial ownership information (BOI) to FinCEN under the CTA.
- Important changes made by the interim final rule include:
  - Domestic reporting companies (and their U.S. and non-U.S. beneficial owners) are exempt from BOI reporting requirements, meaning they do not have to report BOI to FinCEN, or update or correct BOI previously reported to FinCEN.
  - Foreign reporting companies are not required to provide BOI for any beneficial owners that are U.S. persons, and U.S. persons are exempt from having to provide BOI to the foreign reporting companies for which they are beneficial owners.
  - The deadline for foreign reporting companies to file initial BOI reports (and to update or correct previously filed BOI reports) is extended to 30 days from the publication of the interim final rule in the *Federal Register*.

What Happened?

- Under the CTA, reporting companies are required to report information regarding their beneficial owners to FinCEN. Previously, the reporting requirements applied to two categories of reporting companies:
  - 1. **Domestic reporting companies**, which include corporations, limited liability companies (LLCs) and any other entities created by the filing of a document with a secretary of state (or similar office) in the U.S.
  - 2. **Foreign reporting companies**, which include corporations, LLCs and other entities formed under the law of a foreign country that have registered to do business in the U.S. by the filing of a document with a secretary of state (or similar office).
- The Secretary of the Treasury used his authority to exempt domestic reporting companies from BOI reporting requirements. According to FinCEN's own estimates, the new rule would exempt more than 99% of previously in-scope entities from BOI reporting requirements. Because this exemption significantly narrows CTA reporting requirements, it is open to challenges in court that it contravenes the CTA's plain meaning.

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- The interim final rule comes on the heels of two recent FinCEN and Treasury Department announcements:
  - On Feb. 27, FinCEN issued a press release stating that it would not impose any fines or penalties or take any other enforcement actions against companies for failure to file or update their BOI reports by the then-current applicable CTA reporting deadlines (which was March 21 for most companies). FinCEN also stated that it intended to release an interim final rule no later than March 21 that would extend CTA reporting deadlines.
  - On March 2, the Treasury Department announced that it was preparing proposed rules to narrow the scope of the BOI rule to foreign reporting companies only.

What's Next?

- The interim final rule is subject to change. FinCEN is accepting comments on the rule for 60 days and intends to issue a final rule later this year.
- The CTA is currently subject to several court challenges, as well as legislative proposals to repeal or modify the reporting rules.
- Because the CTA exists in a shifting legal landscape, we recommend that domestic and foreign reporting companies (as initially defined) and others affected by the CTA closely monitor CTA developments and consult with their legal advisers.

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