

FinCEN Exempts US Entities and Persons from CTA

On March 21, 2025, the Financial Crimes Enforcement Network (FinCEN) adopted an interim final rule (Rule) exempting U.S. companies previously subject to the reporting requirements under the Corporate Transparency Act (CTA) from any obligation to file or update beneficial ownership information (BOI) reports pursuant to the CTA. The Rule continues to require BOI reporting by foreign companies that are “reporting companies” under the CTA (defined as any “corporation, limited liability company, or other entity that is formed under the law of a foreign country and that is registered to do business in the United States by the filing of a document with a secretary of state or equivalent office under the law of a state or Indian tribe.”).

The Rule exempts foreign reporting companies from having to report the BOI of any U.S. persons who are beneficial owners of the foreign reporting company and exempts U.S. persons from having to provide such information to any foreign reporting company for which they are a beneficial owner.

The deadline for foreign entities that became reporting companies prior to March 26, 2025, to file BOI reports is April 25, 2025. The deadline for foreign entities that become reporting companies on or after March 26, 2025, is 30 days after it receives actual notice, or notice is publicly accessible, that it has been registered to do business in the United States.

The Rule became effective on March 26, 2025, as an interim final rule. FinCEN is accepting comments on the Rule through May 27, 2025, and stated that it “will assess the exemptions, as appropriate, in light of those comments and intends to issue a final rule this year.”

The Rule’s exemption of U.S. entities and persons from the BOI reporting requirements under the CTA is consistent with the Treasury Department’s March 2 announcement that it would propose rulemaking to narrow the scope of the CTA to foreign reporting companies in the interest of supporting hard-working American taxpayers and small businesses and ensuring that the rule is appropriately tailored to advance the public interest. The Rule release explains that the Treasury Secretary reassessed the balance between the usefulness of collecting BOI and the regulatory burdens imposed by the scope of the BOI reporting rule published by FinCEN on September 30, 2022, in light of the Trump administration’s stated policy to promote deregulation. The Treasury Secretary, with the written concurrence of the Attorney General and the Secretary of Homeland Security, determined that reporting of BOI by domestic reporting companies and their beneficial owners “would not serve the public interest” and “would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes.”

Interestingly, the Treasury Department has signaled its intention to continue to resist constitutional challenges to the CTA by filing a supplemental brief in the appeal of *National Small Business United v. U.S. Department of the Treasury*, 24-10736 (11th Cir), in response to the appellate court’s order directing the parties to address the effect of recent regulatory developments on plaintiffs’ facial constitutional challenge to the CTA. The government argues in its brief that the Rule supports the government’s position that the CTA can withstand plaintiffs’ constitutional challenges presented in the case and the case is not moot at this time because the rulemaking remains ongoing. Additionally, the government argues that the case would not be moot if the plaintiff, National Small Business United, which has not identified its members, represents foreign reporting companies not subject to any exemption. As of the date of this Alert, the plaintiffs have not filed a supplemental brief in the appeal.

Cozen O’Connor will continue to monitor the developments with respect to the CTA and its filing requirements.



Larry P. Laubach

**Co-Chair,
Corporate
Practice Group**

llaubach@cozen.com
Phone: (215) 665-4666
Fax: (215) 701-2346



Ingrid Welch

**Member &
General Counsel**

iwelch@cozen.com
Phone: (215) 665-4616
Fax: (215) 665-2013



Steven P. Katkov

Member

skatkov@cozen.com
Phone: (612) 260-9037
Fax: (214) 462-3299

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Please send any questions to cta@cozen.com.
