

Insights

Narrowed CTA Scope Exempts U.S. Entities and U.S. Persons

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An interim final rule was issued by the Financial Crimes Enforcement Network ("FinCEN") on March 21, 2025, eliminating the reporting obligations that U.S. entities and U.S. persons formerly stood to bear under the beneficial ownership information ("BOI") reporting requirements of the Corporate Transparency Act ("CTA"). Originally, the CTA required both domestic reporting companies and foreign reporting companies to file BOI reports. Now, only entities formed under the laws of a foreign country—foreign reporting companies—are subject to the BOI reporting requirements.

Existing foreign reporting companies that registered to do business in the U.S. before March 26, 2025, must file BOI reports by April 25, 2025 (within 30 days of the interim final rule's publication in the federal register). Foreign reporting companies that registered to do business in the U.S. on or after March 26, 2025, must file BOI reports within 30 days of such registration becoming effective. However, foreign reporting companies are not required to report the BOI of a U.S. person.

Entities formed under the laws of a U.S. state are now fully exempt from the reporting requirements. All U.S. persons are also exempt, including U.S. persons with beneficial ownership in a foreign reporting company. Additionally, FinCEN clarified U.S. entities are not required to update or correct previously submitted BOI reports.

The interim final rule is effective March 26, 2025, but FinCEN will be accepting comments through May 27, 2025. Based on these submitted comments, the final rule—expected later this year—may change the requirements once again.

For any questions related to the CTA, please contact Robert A. Greising, Travis D. Lovett, Jacob W. O' Donnell, Thomas M. Abrams, Robert C. Ansani or any member of our Business, Acquisitions and Securities Practice.

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