

Insights

The CTA – Gone for Good for Most (For Now)

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On Sunday, March 2, 2025, the Treasury Department announced that it has suspended enforcement of the Corporate Transparency Act (CTA) with respect to US citizens and domestic companies. This signals the likely death knell of the CTA for US based reporting companies and their owners after its tumultuous on-again/off-again life almost since its launch in 2024.

The Treasury Department will not pursue penalties or fines associated with the beneficial ownership reporting rules of the CTA before the current deadline [namely, March 21, 2025], nor will it enforce penalties or fines against US citizens or against domestic reporting companies and their beneficial owners after a forthcoming rule takes effect. The Treasury Department will pursue a rulemaking process to narrow the effect and application of the CTA to foreign reporting companies only.

In contrast to our earlier Alerts on the CTA where we mentioned that voluntary compliance was available and might make sense in some circumstances, this announcement negates that – at least until the rulemaking process is complete. But foreign reporting companies will not benefit from this reprieve. The CTA will have ongoing life for those reporting companies that are not domestically based. The announcement did not include details, but presumably, for a company organized under any of the laws of the states, US territories or Indian tribes, the burden to comply with the CTA should be behind them.

Krieg DeVault's CTA Working Group continues to monitor and communicate developments based on updates published by the Treasury Department, FinCEN and the various courts overseeing CTA litigation. 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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