

TYPES NOT MAPPED YET March 31, 2025 | TTR not mapped yet | Barry L. Fischer, Nabil G. Al-Khaled

FinCEN Exempts Domestic Entities and U.S. Persons from Corporate Transparency Act Reporting Requirements

On March 26, 2025, the Financial Crimes Enforcement Network (“FinCEN”) adopted an [interim final rule](#) (the “Interim Rule”) previously announced on March 21, 2025 that dramatically eliminates the reporting requirements under the Corporate Transparency Act (“CTA”). The Interim Rule, which will remain in force until replaced by a final rule (expected to occur later in 2025) or is otherwise superseded by further legislative or judicial action, eliminates the CTA’s beneficial ownership information (“BOI”) reporting obligations for all domestic entities, as well as for U.S. persons who are beneficial owners of foreign entities that continue to have CTA reporting obligations. As a result, the CTA now applies only to a very narrow class of foreign reporting entities and reporting for those entities is limited to foreign beneficial owners.

The Interim Rule

The Interim Rule exempts corporations, limited liability companies, and other entities formed under the laws of U.S. states or tribal jurisdictions (previously referred to as “domestic reporting companies”) from all BOI reporting obligations. It also releases domestic reporting companies from the CTA’s requirement to update or correct BOI previously reported to FinCEN. As a result, the CTA’s scope is now limited solely to entities organized in non-U.S. jurisdictions and registered to do business in the United States by filing with a secretary of state or equivalent authority (“foreign reporting companies”).

The Interim Rule further provides that U.S. persons are not required to be included on a foreign reporting company’s BOI report—even if a U.S. person is a ‘beneficial owner’ (*i.e.*, an individual exercising substantial control over or owning at least 25% of the foreign reporting company). Instead, foreign reporting companies are now required to report only the non-U.S. persons who are beneficial owners who exercise substantial control or hold qualifying ownership interests. Thus, as a result of the Interim Rule, **only foreign reporting companies that have at least one non-U.S. person as a beneficial owner are subject to BOI reporting.**

According to the Interim Rule, these changes reduce the number of entities required to file a BOI report from approximately 33 million to fewer than 12,000.

FinCEN’s Basis for the Interim Rule’s Changes

The CTA provides that the Treasury Department—acting with the concurrence of the Attorney General and the Secretary of Homeland Security—may approve exemptions from the filing requirements under the CTA if they determine that requiring BOI from a class of entities 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 (among other things) money laundering, the financing of terrorism or serious tax fraud. As stated in the Interim Rule, the Secretary of the Treasury, with the concurrence of the officials noted above, reached those conclusions.

New Filing Deadlines for Foreign Reporting Companies

FinCEN confirmed that the (now very limited number of) foreign entities subject to the CTA must comply with the following deadlines:

- Foreign reporting companies registered prior to March 26, 2025 must file BOI reports no later than April 25, 2025.

- Foreign reporting companies registering on or after March 26, 2025 must file BOI reports within 30 calendar days after the date of their registration to do business in the United States.

Implications and Outlook

While Treasury and FinCEN framed these changes as supporting small businesses and tailoring the CTA to serve national security and law enforcement objectives more effectively, some questions remain. The main question is whether the Treasury Department's exemptive authority under the CTA is broad enough to permit it to make an exemption that is this expansive. Various lawsuits we have previously discussed also remain in progress. As a result of the Interim Rule, however, other than for the foreign entities and certain beneficial owners described above, there is currently no requirement to make any filings under the CTA.

We are continuing to monitor regulatory developments regarding the CTA and its reporting obligations.

[Click here](#) for the CTA Resources page.

authorsTest

barry

Barry L. Fischer

nabil

Nabil G. Al-Khaled