Corporate Law Update

February 2025

CTA Filing Requirements Reinstated; More Changes Expected

The reporting requirements under the Corporate Transparency Act (CTA) and its enforcement by the Financial Crimes Enforcement Network (FinCEN) are once again in effect.

On February 17, the U.S. District Court for the Eastern District of Texas granted an order in *Smith v. United States Department of the Treasury* lifting a nationwide preliminary injunction on the CTA. In making this ruling, Judge Jeremy Kernodle relied on the January 23 U.S. Supreme Court order in *McHenry v. Texas Top Cop Shop, Inc.* lifting a similar nationwide preliminary injunction on the CTA.

On February 18, FinCEN issued an extension notice updating the deadlines to file an initial, updated, or corrected beneficial owner information (BOI) report as follows:

- **Filing deadline extended to March 21, 2025,** for the vast majority of reporting companies; they are receiving a 30-calendar-day extension from February 19 until March 21, 2025.
- **Filing deadline extended past March 21, 2025,** for reporting companies expressly granted a later reporting deadline; the deadline is the later extended date, e.g., for certain disaster relief extensions including those listed in separate relief notices.
- **Filing is paused** for plaintiffs in existing litigation under which they obtained an injunction pausing their filing requirements, e.g., the case of *United States v. Yellen* (which includes the National Small Business Association and its members).

Reporting companies can file BOI reports here and reporting persons can obtain FinCEN IDs here.

It is possible but not certain, based on the history of this legislation, that the March 21, 2025, deadline may be further extended and/or the reporting requirements modified, as suggested by the following:

- FinCEN's extension notice states that prior to March 21, 2025, "in keeping with Treasury's commitment to reducing regulatory burden on businesses … FinCEN will assess its options to further modify deadlines, while prioritizing reporting for those entities that pose the most significant national security risks. FinCEN also intends to initiate a process this year to revise the BOI reporting rule to reduce burden for lower-risk entities, including many U.S. small businesses … FinCEN will provide an update before [March 21, 2025] of any further modification of this deadline, recognizing that reporting companies may need additional time to comply with their BOI reporting obligations once this update is provided."
- Congress is currently considering H.R. 736, the "Protect Small Businesses from Excessive Paperwork Act of 2025," a bill that passed the House on February 10 by a vote of 408–0 and on February 11 was transferred to the Senate and referred to the Committee on Banking, Housing, and Urban Affairs. If the bill is passed by the Senate, the filing deadline for most reporting companies would be extended to January 1, 2026. You can follow the status of this legislation here.

We will continue to provide updates on the status of this matter as it develops.

FOR MORE INFORMATION

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