Corporate Law Update

March 2025

FinCEN Scales Back Corporate Transparency Act: Interim Final Rule Issued

On March 21, 2025, the Financial Crimes Enforcement Network (FinCEN) issued an interim final rule eliminating the requirement for U.S. companies and U.S. persons to report beneficial ownership information (BOI) to FinCEN under the Corporate Transparency Act (CTA), as previewed in its March 2, 2025 press release.

The interim final rule narrows the definition of a "reporting company" to include only entities formed in a foreign country and qualified to do business in a U.S. state. As a result, only entities classified as "foreign reporting companies" under the CTA must comply with BOI filing requirements. Additionally, foreign reporting companies are no longer required to file BOI with respect to any U.S. person who qualifies as a "beneficial owner," defined as a person who exercises substantial control over the company or owns or controls at least 25% of the reporting company.

FinCEN is also granting foreign reporting companies an additional 30 days to file, extending the new deadline to April 20, 2025. BOI reports can be submitted here. FinCEN is currently accepting comments on the interim final rule and intends to finalize it later this year.

Despite this development, it is very important to note that CTA filing obligations are statutory. The CTA remains federal law, and U.S. citizens and domestic reporting companies are still required to file. FinCEN has simply indicated by its regulatory changes that it will not enforce the law against these groups at this time. Meanwhile, Congress is considering several bills that could amend or repeal the CTA, including H.R. 736, the "Protect Small Businesses from Excessive Paperwork Act of 2025," which would extend the filing deadline for most reporting companies to January 1, 2026, and S.100, the "Repealing Big Brother Overreach Act."

We will continue to monitor and provide updates as this situation evolves.

FOR MORE INFORMATION

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