

## **FINCEN REMOVES BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS FOR US COMPANIES AND PERSONS AND ISSUES NEW DEADLINES FOR FOREIGN REPORTING COMPANIES**

### *FROM MILLIONS DOWN TO THOUSANDS OF REPORTING ENTITIES*

We continue to track the latest developments with respect to implementation of the Corporate Transparency Act ("CTA").

On March 26, 2025, the Financial Crimes Enforcement Network ("FinCEN") published an Interim Final Rule significantly narrowing CTA reporting requirements. Specifically, the Interim Final Rule exempts domestic reporting companies from reporting beneficial ownership information ("BOI") and extends the CTA's BOI reporting deadlines. Consequently, rather than applying to FinCEN's previously estimated 30+ million legal entities, the rule will now only apply to less than 12 thousand entities per year on average.

Noting the ongoing legal challenges to the CTA (discussed in previous alerts [available here](#)) and consistent with Treasury's shifting priorities with respect to the statute, FinCEN announced on March 21, 2025 that a significantly modified version of the CTA is now in effect, publishing an Interim Final Rule in the Federal Register on March 26. The Interim Final Rule revises the regulatory definition of "reporting company" to mean only those entities that are formed under the law of a foreign country and that have registered to do business in any US State or Tribal jurisdiction by the filing of a document with a secretary of state or similar office (formerly known as "foreign reporting companies").

The Interim Final Rule specifically exempts entities previously known as "domestic reporting companies" from BOI reporting requirements. Domestic reporting companies are defined as a corporation or limited liability company ("LLC") created by filing a document with a secretary of state or any similar office under the law of the State or Indian tribe.

#### Key Takeaways

- The CTA requirements have been significantly reduced and nearly all of the entities previously required to file no longer have such a requirement.
- The rule exempts domestic legal entities from reporting.
- Foreign reporting companies existing prior to March 26 will be required to make filings by April 25, 2025, and foreign reporting companies registered with a State or Tribe on or after March 26 will need to file within 30 days of their creation.
- FinCEN will accept comments on an Interim Final Rule through May 27, 2025, and intends to issue a final rule later this year.
- The U.S. Government continues to argue that the CTA is constitutional.

**Who Still Must File?** Reporting companies are now defined as corporations, LLCs, or any entity, formed under the law of a foreign (non-US) country, and registered to do business in any State or Tribal jurisdiction by filing a document with a secretary of State or Indian tribe. In other words, only foreign reporting companies meet the new definition of "reporting company" and these entities, must file beneficial ownership information reports ("**BOIR**") if none of the 24-listed exemptions in the rule apply. Per FinCEN's estimates, they expect an approximate average of 12,000 entities will need to report each year over the next three years, taking into consideration i) an unreported number of previous filers, ii) the number of reports during year one for previously existing companies, and iii) an estimate of 5,000 newly created in-scope entities per year thereafter.

However, these foreign entities will **not** be required to report any US persons as beneficial owners, and US persons will **not** be required under the FinCEN rule to provide personal information to any such entity for which they are a beneficial owner.

**What Is the New Deadline?** The Interim Final Rule includes the following new filing deadlines.

- Reporting companies registered to do business in the United States before the date of publication of the Interim Final Rule (March 26, 2025) must file BOIRs no later than 30 days from that date (April 25, 2025).
- Reporting companies registered to do business in the United States on or after the date of publication of the Interim Final Rule (March 26, 2025) have 30 calendar days to file an initial BOIR after receiving notice that their registration is effective.

An overview of the CTA's exceptions and reporting requirements is provided in our prior briefing, [available here](#).

**Will there be further changes to the FinCEN regulations?** FinCEN is receiving comments on the Interim Final Rule through May 27 and will assess the new exemptions and issue a final rule later this year. FinCEN's current amendments leave much of the previous regulatory text intact, as certain definitions in the regulations have been incorporated into other FinCEN rules (e.g. the FinCEN Residential Real Estate Reporting rule). It is possible that upon reviewing public comment, which may include comments from Congress, some of the new exemptions may be modified in the final publication of the rule or that the U.S. Government may snap back into place requirements for a subcategory of domestic entities in years to come.

**Can US persons still be asked to provide beneficial information for any filing requirements?** Although it is not clear how States will react, recently developing corporate transparency requirements in the United States at the State level may continue to apply and expand. Some of these rules may refer to some or all of FinCEN's provisions. In addition, US persons may still be asked to provide personal information with respect to legal entities that need to comply with the corporate transparency requirements of other countries.

**Will the enforcement posture change with respect to the CTA?** Given the narrower scope of application and the apparent prioritization on foreign entities,

the feasibility of enforcement with respect to the remaining entities that have reporting requirements may increase. Companies and individuals that have not yet done so should determine whether they have established any legal entities outside of the United States and whether they have registered them by way of a filing with a US State or Tribal entity and take steps to comply with the reporting requirements in a timely fashion. They also must keep the requirement in mind with respect to the establishment of new entities outside the United States and with respect to the requirements to file timely updates when reportable information pertaining to the entity or its beneficial ownership has changed.

***Special Note on FinCEN FAQ 16: If a foreign company stopped doing business in the United States before January 1, 2024, is that company required to report to FinCEN?*** This question was considered in FinCEN's FAQ number C.16, and the answer has not changed despite the Interim Final Rule. The agency's response, continues to be that a foreign company is not required to report its beneficial ownership information to FinCEN if it ceased to be registered to do business in the United States before January 1, 2024. A foreign reporting company ceases to be registered to do business in the United States when it entirely completes the process of formally and irrevocably withdrawing its registration(s) to do business in the United States (companies may consult the law of the jurisdiction where they are registered to determine when withdrawal of registration is complete).

Alternatively, if a foreign reporting company was registered to do business in the United States on or after January 1, 2024 for any period of time (i.e., the company did not entirely complete the process of withdrawing its registration before January 1, 2024), then it is required to report its beneficial ownership information to FinCEN, even if the company had wound up its affairs and ceased conducting business before January 1, 2024. By the same token, if a foreign reporting company was registered to do business in the United States on or after January 1, 2024, for any period of time, and subsequently withdrew that registration, then the company is required to report its beneficial ownership information to FinCEN—even if it withdrew the registration before the expiration of the 30- or 90-day period reporting companies originally had to report their beneficial ownership information to FinCEN. We noted that a company administratively suspended from conducting business—because, for example, it failed to pay a filing fee or comply with certain jurisdictional requirements—generally does not cease to be registered to conduct business unless the suspension becomes permanent.

***What could happen next?*** While the regulatory relief for millions of legal entities will be welcomed, the scale by which the requirement has been cut back may face Congressional scrutiny. Although there has been very little time for FinCEN to be able to demonstrate the value of the information that it has collected to date from earlier filers, the use of the data may now come into focus if lawmakers want to have a better understanding of the impact of the new exemptions or if they want to restrict FinCEN's use of previously obtained information. In addition, the multilateral Financial Action Task Force ("**FATF**"), of which the United States is a leading member, and which has been a global proponent for greater corporate transparency, will need to assess how this new US approach comports with global standards. With respect to domestic entities, there may be a renewed focus on establishing corporate transparency at the State level as had been promoted

before Congress directed Treasury to establish FinCEN's reporting requirement and database.

It remains to be seen how the new relief provided under the Interim Final Rule may affect the stature of the pending legal challenges to the CTA. We will continue to track developments related to the CTA's constitutionality, Congressional and global interest in the new exemptions, and any related changes to FinCEN's implementing regulations or guidance.

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