

TREASURY SHIFTS STANCE ON CTA REPORTING REQUIREMENTS FOLLOWING FINCEN'S STATEMENT ASSURING THAT THERE WILL BE NO ENFORCEMENT OF CURRENT CTA DEADLINES

We continue to track the latest developments with respect to challenges to the Corporate Transparency Act ("CTA"). Although the nationwide injunctions against its enforcement have been lifted, and the CTA is now back in effect, whether and how it will be enforced and reshaped is under question after a March 2, 2025 announcement by the U.S. Department of the Treasury ("**Treasury**") signaled an intention to narrow the scope of the CTA requirements through a forthcoming rulemaking. Treasury also suggested that it will not enforce the CTA against "U.S. citizens and domestic reporting companies."

Previously, the Financial Crimes Enforcement Network ("**FinCEN**") [announced](#) that it would not issue any fines or penalties or take any enforcement actions against reporting companies based on a failure to file or update reports by the current deadlines. Specifically, FinCEN announced that no fines or penalties will be issued, or any other enforcement actions taken, until a forthcoming interim final rule becomes effective and new extended deadlines that will be included in the interim final rule have passed. While this interim final rule is expected no later than March 21, 2025, FinCEN did not provide an estimated date for the enforcement of penalties.

As of the date of this alert, FinCEN has yet to incorporate the Treasury statement into its outreach and guidance efforts. Although the process is not yet clear, the anticipated interim final rule may also serve as the vehicle for soliciting further public input on the requirements and provide some indication as to how FinCEN will meet the aim of focusing on legal entities posing higher risks while removing burdens for lower risk domestic companies. Whatever the process, FinCEN now has another opportunity to engage with the private sector to fine-tune the reporting requirement in a manner that reduces unnecessary burden while remaining consistent with the aim of greater transparency for anti-crime and national security purposes.

Key Takeaways

- Although the BOIR filing deadline is now March 21, 2025, the Treasury indicated an intent not to enforce the CTA against U.S. citizens and domestic reporting companies.
- FinCEN will not issue any fines or penalties or take any other enforcement actions to companies for failure to file or update reports by existing deadlines.
- FinCEN will issue an interim final rule (no later than March 21, 2025), extending BOIR filing deadlines. No fines or penalties will be issued, and no enforcement actions will be taken, until this forthcoming interim final rule becomes effective.
- FinCEN intends to solicit public comment on potential revisions to the reporting requirements.
- The U.S. government continues to argue that the CTA is constitutional.
- Even if the legal challenges to the CTA continue, a revised form of this reporting requirement will likely remain in place.

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Although the Treasury statement focused on "common sense" relief for domestic actors, FinCEN's earlier announcement reflected FinCEN's previous commitment to reduce regulatory burdens on several businesses while prioritizing reporting for entities that pose the most significant law enforcement and national security risks. Meanwhile, in the backdrop, the nature of continuing legal challenges to the CTA (described below) may shift given the anticipated release of a revised rule.

Status of Litigation: On January 23, 2025, the U.S. Supreme Court granted FinCEN's motion to stay a nationwide preliminary injunction with respect to the CTA issued by a federal judge in the case of *Texas Top Cop Shop, Inc. v. Bondi*—formerly, *Texas Top Cop Shop v. Garland/McHenry*.¹ However, at that time, a separate nationwide injunction order issued by a different federal judge in Texas (*Smith v. U.S. Department of the Treasury*) remained in place.²

On February 17, 2025, the U.S. District Court for the Eastern District of Texas also granted the Treasury's request to stay the *Smith* injunction. The District Court cited the Supreme Court's decision in *Texas Top Cop Shop* as its reason for the decision. The *Texas Top Cop Shop* oral arguments are currently scheduled for on April 1, 2025.

With the injunctions lifted, FinCEN clarified that beneficial ownership information report ("BOIR") filings under the CTA are once again required. Although FinCEN established a March 21 deadline by which a vast majority of reporting companies must file initial, updated, and/or corrected BOI reports, as discussed above, FinCEN subsequently announced that it will not enforce these reporting deadlines. Treasury then announced an intent to focus enforcement on foreign entities rather than domestic entities and U.S. citizens.

What this means for reporting companies. Although we cannot know for sure how the scope of the rule may change in advance of the issuance of the new interim final rule, all indications are that there will be more focus on reporting by and perhaps with respect to foreign legal entities and beneficial owners. Although reporting companies that have all of their information together in compliance with the existing regulation can still choose to file a beneficial ownership report, most companies that have not yet filed may elect to wait to see how a new rule may or may not apply to them.

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

What could happen next? Despite the ongoing legal challenges and government announcements, we anticipate that some version of the CTA's reporting requirements will likely remain in place in the long run. While legal challenges to the CTA remain pending, we will continue to closely track any developments related to the CTA's constitutionality, apparent Congressional interest in granting additional extensions of reporting deadlines, and any related changes to FinCEN's implementing regulations or guidance.

¹ *Texas Top Cop Shop, Inc., et al. v. Bondi, et al.*, No. 4:24-cv-00478 (E.D. Tex.).

² See *Smith v. U.S. Department of the Treasury*, No. 6:24-cv-00336-JDK, 2025 U.S. Dist. LEXIS 2321 (E.D. Tex. Jan. 7, 2025).

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FINCEN'S STATEMENT ASSURING THAT
THERE WILL BE NO ENFORCEMENT OF
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