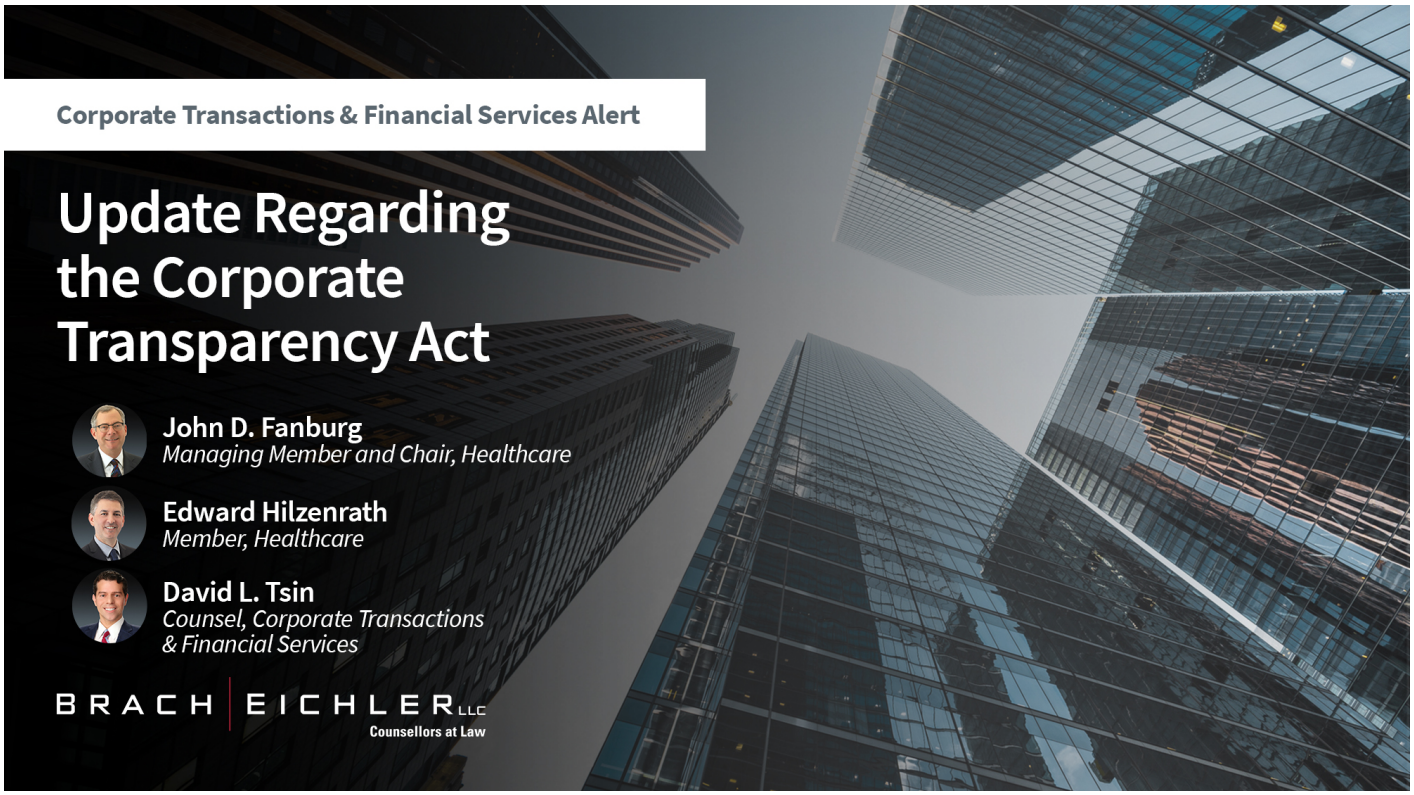
Update Regarding the Corporate Transparency Act – March 31, 2025



3/31/2025

Background

The Corporate Transparency Act of 2019 (CTA) was enacted to create a federal database of the beneficial ownership information of certain entities and provide law enforcement with access to such data. As of January 1, 2024, certain entities (Reporting Companies) have been required to file beneficial ownership information reports (BOI Reports) with FinCEN, a department within the U.S. Department of the Treasury. BOI Reports identify who owns or controls certain entities and the applicants who formed or registered these entities. Reporting Companies include (1) domestic legal entities created by the filing of a document with a secretary of state or similar office, and (2) foreign legal entities that have registered to do business in any U.S. State or Tribal jurisdiction by filing a document with a secretary of state or similar office. However, the CTA exempts twenty-three (23) categories of entities from the CTA's beneficial ownership information reporting requirements.

Under the CTA, willful failure to complete or update an entity's BOI Reports or providing false or fraudulent information can result in civil or criminal penalties. Civil penalties include monetary fines of up to $500 for each day that the violation continues, while criminal penalties include imprisonment for up to two years and/or a fine of $10,000.

Update

On March 21, 2025, FinCEN issued an interim final rule that removes the requirement for U.S. companies and U.S. persons to report beneficial ownership information to FinCEN under the CTA

In that interim final rule, FinCEN revised the definition of "reporting company" in its implementing regulations to mean only

entities that are formed under the law of a foreign country and that have also registered to do business in any U.S. State or Tribal jurisdiction by the filing of a document with a secretary of state or similar office (formerly known as "foreign reporting companies"). Further, under that interim final rule, foreign entities will not be required to report any U.S. persons as beneficial owners, and U.S. persons will not be required to report beneficial ownership information with respect to any such entity for which they are a beneficial owner. On March 21, 2025, FinCEN further announced that such foreign entities within that new definition of "reporting company" that do not qualify for an exemption from the requirement to file BOI Reports must meet the following new deadlines:

- such entities registered to do business in the U.S. before March 21, 2025 must file BOI Reports no later than 30 days from March 21, 2025; and
- such entities registered to do business in the U.S. on or after March 21, 2025 have 30 days to file an initial BOI Report after receiving notice that their registration is effective.

The abovementioned interim final rule issued by FinCEN follows the U.S. Department of the Treasury announcement, on March 2, 2025, that, with respect to the CTA, it will not enforce any penalties or fines associated with the beneficial ownership information reporting rule under the then existing regulatory deadlines.

Additional information can be found on **FinCEN's website**.

If you have any questions about this article, please contact any of the attorneys listed below or your usual Brach Eichler contact person.

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