

Update Regarding the Corporate Transparency Act and Related Filing Deadlines

Corporate Transactions & Financial Services Alert

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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

Following a period of time during which enforcement of the CTA was preliminarily enjoined nationwide, as of the date of this article the beneficial ownership information reporting requirements under the CTA are once again back in effect given the

February 18, 2025 decision of the U.S. District Court for the Eastern District of Texas in *Smith, et al. v. U.S. Department of the Treasury, et al.*, 6:24-cv-00336 (E.D. Tex.). Recognizing that Reporting Companies may now need additional time to comply with those requirements, as of the date of this article FinCEN has published the following updated deadlines:

- For the vast majority of Reporting Companies, the new deadline to file an initial, updated, and/or corrected BOI Report is now March 21, 2025. FinCEN has stated that it will provide an update before then of any further modification of that deadline.
- Reporting Companies that were previously given a reporting deadline later than the March 21, 2025 deadline must file their initial BOI report by that later deadline.

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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