



Alerts

UPDATE: FinCEN Pauses Penalties for CTA Reporting Noncompliance and Signals Additional Changes

February 28, 2025

Hinshaw Alert

As discussed in our previous [alert](#), in connection with the recent reinstatement of the Corporate Transparency Act (CTA) and its reporting obligations, FinCEN issued an [announcement](#) (the "**Prior Announcement**") extending the reporting deadline to file all applicable initial/updated beneficial ownership information reports (each a "**BOI Report**") until **March 21, 2025**.

While the Prior Announcement was silent on the imposition of fines or enforcement actions, it did create a mandatory reporting deadline, and the CTA provides for significant penalties for companies that fail to comply by the applicable deadline (*a fine of \$591 per day and up to two years in prison*).

FinCEN's New Announcement About Noncompliance Fines and Enforcement

That being said, in a new [announcement](#) released late last night (the "**New Announcement**"), FinCEN stated that:

"it will not issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update beneficial ownership information (BOI) reports pursuant to the Corporate Transparency Act by the current deadlines."

This New Announcement also clarifies that the above pause on fines and other enforcement will remain in effect *"until a forthcoming interim final rule becomes effective and the new relevant due dates in the interim final rule have passed."*

FinCEN's pause on enforcement of the CTA should be a welcome relief for reporting companies that have yet to file their required BOI Reports, particularly those that were left somewhat scrambling to meet the new compliance deadline following the release of the Prior Announcement. **However, FinCEN has made it clear that the pause is only temporary and that by March 21, 2025, "FinCEN intends to issue an interim final rule that extends BOI reporting deadlines."**

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Service Areas

Business & Commercial Transactions

Corporate Transparency Act Compliance



What Does This Mean for Your Business?

While the March 21, 2025, deadline technically remains in place, reporting companies *will not* face penalties for failing to file any required BOI Report by that deadline.

However, companies subject to the CTA's reporting obligations should continue preparing their BOI Reports, as new deadlines will be established in the above-identified interim final rule.

In the New Announcement, FinCEN states it intends to issue a "*notice of proposed rulemaking*" later this year. Given FinCEN's repeated statements that it intends to modify some of the CTA's reporting requirements to alleviate the burden on low-risk entities, this notice will likely contain material changes to the CTA.

However, as there is no way to know exactly what changes will be made to the CTA at this time, companies subject to the CTA should monitor the changes (including changes to applicable deadlines) closely and be prepared to comply where applicable.

We will continue to closely monitor this development and other cases adjudicating the constitutionality of the CTA. [Please contact our Corporate Transparency Act Compliance Team if you have any questions.](#)

It should be noted that the New Announcement stated that FinCEN intends to solicit public comment on potential revisions to existing BOI reporting requirements in connection with this notice but has not yet stated how such public comments will be solicited or otherwise how they may be submitted to FinCEN.