



## Alerts

### UPDATE: FinCEN Confirms U.S. Companies and U.S. Persons are Exempt from CTA Compliance

March 24, 2025

*Hinshaw Alert*

In a significant development, the Financial Crimes Enforcement Network (FinCEN) recently issued an [interim final rule](#) (the IFR) that dramatically changes who is subject to the Corporate Transparency Act (CTA) and its reporting obligations. This rule, which was expected following the [recent U.S. Department of the Treasury's announcement concerning the CTA](#), completely removes both U.S. companies and U.S. persons from any direct or indirect "beneficial ownership information" (BOI) or other reporting obligations under the CTA.

#### Key Changes to the CTA

Under the CTA, any entity that falls within the definition of a "reporting company" would be required to file certain BOI and other information with FinCEN. While the term "reporting company" previously included reference to both domestic and foreign entities, the IFR actually redefines what constitutes a "reporting company" under the CTA. More specifically, per the IFR, a "reporting company" is now defined to only include:

*"those entities that are formed under the law of a foreign country and that have 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."*

**As a result of this definitional change, all entities that are formed under the laws of the United States**, as well as their respective beneficial owners, are now exempt from the CTA and its reporting obligations. To ensure even more clarity on this issue, the IFR created a new category of entities, which are exempted under the CTA, which applies to:

*"any entity that is: (A) a corporation, limited liability company, or other entity; and (B) created by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe."*

#### Obligations for Foreign Entities

Per the IFR, any foreign entity that falls within the above revised definition of a "reporting company," which does not otherwise qualify for exemption under the CTA, would be required to submit an initial BOI report to FinCEN by the following new deadlines:

#### Attorneys

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#### Service Areas

Corporate Transparency Act  
Compliance



- **Existing Entities:** Any “reporting company” that is registered to do business in the United States before the date of publication of the IFR (*i.e. March 21, 2025*) must file its initial BOI report no later than 30 days from that date (*i.e. by April 20, 2025*).
- **New Registrations:** Any “reporting company” that becomes registered to do business in the United States on or after the date of publication of the IFR (*i.e. March 21, 2025*) must file its initial BOI report no later than 30 days from receiving notice (*actual or public*) that such registration is effective.

## Exemptions for U.S. Beneficial Owners

It should be noted, however that, under the IFR:

- any “reporting company” which is required to file a BOI report with FinCEN will be specifically exempted from having to report the BOI of any U.S. person which qualifies a “beneficial owner” of such entity; and
- any foreign entity which otherwise qualifies as a “reporting company” but whose “beneficial owners” are all U.S. persons will be exempted from having to report any information with respect to the “beneficial owners” of such entity.

## Looking Ahead

U.S. companies and persons will clearly no longer be subject to the CTA and its reporting obligations. However, please be aware that there are still other existing and proposed federal and state-level regulations that could still require similar levels of BOI reporting by such companies or persons.

Any foreign entity which qualifies as a “reporting company” should consult with their legal counsel to ensure compliance with the revised CTA regulations. Additionally, FinCEN is accepting comments on the IFR, and intends to finalize the IFR later this year, so such entities should keep abreast of further changes to the CTA.

We will continue to monitor further changes to the CTA closely. [Please contact us if you have any questions.](#)

*It should be noted that this definition is the same as what was previously referred to as “foreign reporting companies” under the original CTA*

*For the avoidance of doubt, FinCEN also made it clear in the Final Rule that this exemption would apply to all entities that previously fell within the definition of “domestic reporting companies” under the original CTA.*

*The IFR also revises the special rule associated with “foreign pooled investment vehicles” to exempt such entities from having to report the BOI of any U.S. persons who exercise substantial control over such entity.*

*E.g. See FinCEN’s updated [Residential Real Estate Rule](#) which becomes effective on December 1, 2025 and the [New York LLC Transparency Act \(NYLTA\)](#) which becomes effective on January 1, 2026.*