

U.S. Companies and U.S. Persons now exempted from CTA; April 25, 2025 deadline set for Foreign Companies

Alert

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On March 26, 2025, the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of Treasury published its revised Corporate Transparency Act (CTA) Beneficial Ownership Information (BOI) reporting rule, also known as the Interim Final Rule (IFR). This new rule significantly alters BOI reporting obligations under the CTA.

First, the IFR modifies the definition of a "reporting company" to include only those entities that are:

- A corporation, limited liability company, or other entity;
- Formed under the law of a foreign country; and
- Registered to do business in any state or tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the law of that state or Indian Tribe.

This revised definition describes those entities previously known as "foreign reporting companies."

Relatedly, the IFR adds a new exemption, referred to as the "domestic entity exemption" for any entity that is:

- A corporation, limited liability company, or other entity; and
- 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.

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This new exemption applies to those entities previously described as “domestic reporting companies.” In sum, entities formed in the United States do not have any CTA related reporting obligations and do not need to update any previously-made CTA filings.

Second, the IFR exempts reporting companies from having to report BOI associated with U.S. persons who would otherwise meet the definition of a beneficial owner. Correspondingly, the IFR exempts U.S. persons from having to provide their BOI to any reporting company that they may be associated with as a beneficial owner. In sum, U.S. persons are not subject to any CTA related reporting obligations.

Third, an indirect effect of these rule changes is that any reporting company that has only U.S. person beneficial owners is also exempted from having to report under the CTA, for as long as that factual situation remains true (regardless of whether or not such an entity would satisfy any of the other available exemptions).

Existing reporting companies (i.e. foreign companies with foreign beneficial ownership), which have not already submitted their initial BOI reports and are not otherwise now exempt, have until April 25, 2025 to submit their initial BOI reports. Any reporting company formed after March 26, 2025, that does not otherwise qualify for one of the available exemptions, has 30 days following its registration to do business in the United States to submit its initial BOI report. Any subsequent changes to the beneficial ownership of a reporting company, after having submitted an initial BOI report, must be reported within 30 days of such change.

FinCEN is accepting comments on the IFR until May 27, 2025. FinCEN intends to publish a corresponding final rule later this year after incorporating any necessary changes in response to any comments received. Although not expected, the changes described above are still subject to further modification through the publication of the anticipated final rule. Lastly, the CTA remains subject to over a dozen court cases challenging its constitutionality. Judicial rulings associated with the ongoing CTA litigation may further alter the revised CTA reporting obligations.

Stinson attorneys are ready and available to assist entities and their beneficial owners to evaluate these developments and next steps, including how to minimize any remaining CTA reporting requirements. For more information on the CTA, please contact Jill Radloff, Zachary Taylor or the Stinson attorney with whom you regularly work.

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