

## CTA Overhauled: FinCEN's Interim Rule Exempts U.S. Companies and U.S. Persons from BOI Reporting Obligations

April 07, 2025

As discussed in our 2023 [Overview of the Corporate Transparency Act \(CTA\)](#), the CTA was enacted by Congress in 2021 to combat the use of anonymous shell companies in money laundering and other illicit financial activities, requiring most smaller companies to file beneficial ownership information (BOI) reports with the Financial Crimes Enforcement Network (FinCEN), disclosing, among other things, the identities of natural persons who own or control at least 25% of the reporting company (the "Reporting Rule"). The Reporting Rule would have required millions of U.S. and foreign businesses to report their beneficial owners to FinCEN. As discussed in [our previous Client Alert](#), the Reporting Rule and the CTA itself have been the subject of ongoing delays and litigation, including a federal court stay that paused enforcement until it was lifted on February 17, 2025. Shortly after the stay was lifted, the Trump administration signaled it would narrow the Reporting Rule, and, on March 21, 2025, FinCEN issued an Interim Final Rule (the "IFR") that removes BOI reporting requirement for U.S.-formed entities and U.S. persons. In today's Client Alert, we provide a brief overview of the IFR and discuss how businesses should respond.

### Key Takeaways

- **Elimination of Domestic BOI Reporting:** The IFR removes the BOI reporting requirement for U.S.-formed entities and their beneficial owners, *including updating or correcting previously filed BOI reports*. Relying on "the exemptive authority provided in the Corporate Transparency Act and the direction of the President," FinCEN has exempted companies created or registered in the United States from the definition of "reporting companies" under the CTA. FinCEN explained that "the Secretary of the Treasury has reassessed the balance between the usefulness of collecting BOI and the regulatory burdens imposed by FinCEN's BOI reporting requirements" and found that requiring BOI from domestic companies would impose heavy burdens yet yield information not "highly useful" to law enforcement.
- **Continued Obligations for Foreign Entities:** FinCEN revised the definition of a "reporting company" to include only entities formed under foreign law and registered to do business in a U.S. state. These foreign reporting companies must still file BOI reports with FinCEN.
- **U.S. Persons Exempt from Reporting:** Foreign reporting companies are not required to report any beneficial owners who are U.S. persons. In practice, a foreign company with only U.S. owners has no reportable BOI under the IFR. For purposes of the IFR, FinCEN defines "U.S. persons" by reference to 26 U.S.C. § 7701(a)(30) of the Internal Revenue Code, meaning individuals who are U.S. citizens or residents under federal tax law.

### Revised Filing Deadlines for Foreign Companies

The IFR extends BOI filing deadlines for foreign reporting companies. Any foreign reporting company registered to do business in the U.S. before March 26, 2025, must submit an initial BOI report by April 25, 2025. Foreign entities registering on or after March 26, 2025, will have 30 days from their registration to file their initial report.

## Enforcement Posture and Next Steps

Even though the IFR lifts the BOI reporting burden for U.S.-formed entities and U.S. persons, a cautious compliance approach is advisable. FinCEN is accepting public comments on the IFR through May 27, 2025, and expects to issue a final rule later in 2025, which could further alter reporting requirements under the CTA. Companies that submitted BOI reports before the IFR took effect should consider the following steps to ensure a prudent compliance posture:

- **Maintain Records of Filed BOI:** Prior BOI submissions remain on file with FinCEN, and FinCEN has not indicated any plan to delete or purge those BOI reports. A conservative practice is to retain copies of what was filed and ensure internal beneficial ownership information is kept up-to-date. This documentation can be useful for a business's records in case any questions arise about its BOI filings.
- **Monitor Final Rules and Legal Developments:** The IFR is not the final word on the CTA, and FinCEN plans to issue a final rule before the end of 2025, which could further alter reporting requirements under the CTA. Additionally, ongoing court challenges to the CTA's constitutionality and scope could impact future reporting requirements. Stay alert for the final FinCEN rule or any court decisions that might alter BOI reporting obligations.
- **Consider State-Level Transparency Laws:** Keep in mind that the federal reprieve under the IFR does not affect any state-imposed disclosure requirements. Several states are moving forward with their own beneficial ownership transparency laws. For example, New York's LLC Transparency Act will require BOI-like filings for entities formed or registered in New York starting January 1, 2026. Similar legislation has been proposed in California, Maryland, and Massachusetts.

Although the IFR exempts domestic entities and U.S. persons from reporting obligations under the CTA, businesses should continue treating BOI as sensitive, required data for other compliance contexts, and businesses should stay tuned for the final rule's publication and any further guidance from FinCEN which could alter their reporting obligations under the CTA.