

FinCEN Releases New Corporate Transparency Act Rule Exempting U.S. Entities and U.S. Beneficial Owners

April 3, 2025

A graphic with an orange-to-white gradient background. At the top, in small black capital letters, is "C A D W A L A D E R". Below that, in large, bold, black capital letters, is "CLIENT AND FRIENDS MEMO".

CLIENT AND FRIENDS MEMO

On March 21st 2025, the Financial Crimes Enforcement Network (“FinCEN”) released a new interim final rule that exempts U.S. entities and U.S. beneficial owners from the reporting requirements of the Corporate Transparency Act (“CTA”).¹ Under the interim final rule, which was published in the Federal Register on March 26, 2025, only foreign reporting companies, their non-U.S. beneficial owners, and company applicants are subject to the CTA’s reporting requirements.²

FinCEN’s new interim final rule redefines the term “reporting company” to include only entities that are both “formed under the law of a foreign country” and “[r]egistered 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 a State or Indian tribe.”³ A “State” is defined as “any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other commonwealth, territory, or possession of the United States.”⁴ The new rule also specifically exempts “domestic entities,” which include each “corporation, limited liability company, or other entity” that is “[c]reated by the filing of a document with a secretary of state or any similar office under the law of a State or Indian tribe.”⁵

Foreign reporting companies are not required to report beneficial ownership information (“BOI”) for any U.S. persons who are beneficial owners, and U.S. persons are exempt from the requirement to provide BOI “with respect to any reporting company for which they are a beneficial owner.”⁶ Foreign reporting companies with only U.S. beneficial owners are exempt from the requirement to report beneficial owners, but continue to be required to submit BOI reports to FinCEN that include information, such as the entity’s full legal name, tax identification number, and company applicants.⁷

Notably, the new rule does not exempt U.S. persons from the requirement for reporting companies to provide the identifying information of company applicants. Thus, U.S. persons who are involved in a non-U.S. entity’s filing of a registration to do business in a U.S. state or tribal jurisdiction may still be required to provide their name, address, and a unique identifying number from an identification document, such as a driver’s license.⁸

The deadline for a foreign reporting company to file an initial BOI report, or to update or correct a previously filed BOI report, is April 25, 2025 or 30 days after the reporting company’s first registration to do business in the United States, whichever comes later.⁹

This is likely not the last significant development regarding the CTA, even for domestic reporting companies and U.S. citizens. FinCEN is accepting comments on the interim final rule through May 27, 2025. While the interim final rule focuses on foreign reporting companies, a U.S. citizen who is a company applicant for a foreign reporting company must still provide identifying information on the entity’s BOI report. Court proceedings contesting the constitutionality of the CTA are still pending in several courts, and the Fifth Circuit has requested briefing from the parties in one of the cases in light of the new rule.¹⁰ Legislation is pending in Congress that would postpone the reporting deadline to January 1, 2026.¹¹ And the Treasury Department’s March 2 announcement and FinCEN’s corresponding new rule may strengthen efforts in Congress to repeal the CTA outright. Moreover, the Treasury Department’s decision not to enforce the CTA against domestic reporting companies could be challenged in court, or could be reversed by a future presidential administration.

We will continue to monitor developments regarding the CTA as they occur.

Appendix available [here](#).

1 *FinCEN Removes Beneficial Ownership Reporting Requirements for U.S. Companies and U.S. Persons, Sets New Deadlines for Foreign Companies*, FinCEN, available at <https://fincen.gov/news/news-releases/fincen-removes-beneficial-ownership-reporting-requirements-us-companies-and-us> (last accessed Mar. 26, 2025).

2 Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension, 90 Fed. Reg. 13688 (Mar. 26, 2025) [hereinafter Interim Final Rule], available at <https://www.federalregister.gov/documents/2025/03/26/2025-05199/beneficial-ownership-information-reporting-requirement-revision-and-deadline-extension> (last accessed Mar. 26, 2025). Appended to this publication is a redlined version of FinCEN's announced changes to 31 C.F.R. § 1010.380. All citations to this redlined document are referred to as "Redlined 31 C.F.R. § 1010.380."

3 Redlined 31 C.F.R. § 1010.380(c)(1)(ii).

4 *Id.* at (f)(9).

5 *Id.* at (c)(2)(xxiv).

6 *Id.* at (d)(4)(i) and (ii).

7 *Id.* at (d)(4)(i); *see also* Interim Final Rule, *supra* note 2, at 13690.

8 *See* Redlined 31 C.F.R. § 1010.380(e)(2) and (3).

9 Interim Final Rule, *supra* note 2, at 13690.

10 Court Directive, *Texas Top Cop Shop, Inc. v. Bondi*, No. 24-40792 (5th Cir. Mar. 24, 2025), ECF No. 344.

11 The U.S. House of Representatives passed the *Protect Small Businesses from Excessive Paperwork Act of 2025* (H.R. 736) unanimously on February 10, 2025. A companion bill, S.505, is still pending in the U.S. Senate.