

Alert | Financial Regulatory & Compliance



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CTA UPDATE: FinCEN Issues Interim Final Rule Exempting Domestic Companies and US Beneficial Owners From Reporting Requirements

Go-To Guide:

- Domestic companies and their beneficial owners are now exempt from the requirement to file beneficial ownership information (BOI) reports, or to update or correct previously filed BOI reports.
- Foreign reporting companies that do not qualify for an exemption must report BOI by April 25, 2025, but need not report their U.S. beneficial owners.
- The Financial Crimes Enforcement Network (FinCEN) is soliciting public comments on the interim final rule and intends to issue a final rule later this year.

On March 21, 2025, FinCEN issued an **interim final rule** narrowing the scope of the CTA's BOI Reporting Rule (Reporting Rule) to foreign reporting companies and foreign beneficial owners. This change follows a series of shifts in the status of the CTA since Dec. 3, 2024,¹ when a Texas district court in *Texas Top Cop Shop, Inc. v. Bondi* preliminarily enjoined the CTA and the Reporting Rule on a nationwide basis.

¹ On Dec. 3, 2024, the CTA and its Reporting Rule were **preliminarily enjoined on a nationwide basis**, approximately four weeks ahead of a key Jan. 1, 2025, deadline. FinCEN appealed that ruling, and on Dec. 23, 2024, a motions panel of the U.S. Court of Appeal for the Fifth Circuit **stayed the injunction**, allowing the CTA to go back into effect. Three days later, on Dec. 26, 2024, a

Going forward, entities formed in the United States (regardless of when) are categorically exempt from CTA reporting requirements and do not have to report BOI to FinCEN, nor update or correct any BOI that may previously have been reported to FinCEN.

Foreign reporting companies (i.e., entities formed in a foreign country that are registered to do business in the United States) that do not qualify for an exemption must file their BOI reports by no later than April 25, 2025. Newly registered foreign reporting companies will have 30 days from their registration in the United States to comply with BOI reporting requirements.

Notably, foreign reporting companies need not report the BOI of any beneficial owners who are U.S. persons (including U.S. persons who are beneficial owners of foreign pooled investment vehicles by virtue of their substantial control). U.S. beneficial owners are likewise exempt from having to report their BOI with respect to foreign reporting companies in which they hold interests.

The Interim Final Rule does not exempt reporting of U.S. persons who serve as company applicants for foreign reporting companies.²

The Interim Final Rule significantly reduces the number of entities subject to BOI reporting. FinCEN now estimates approximately 12,000 reporting companies must comply with the CTA and its implementing regulations—down from the 32.6 million projected under the previous rule.

Looking Ahead

FinCEN is accepting comments on the Interim Final Rule until May 27, 2025. A final rule is expected to be issued later this year. The Interim Final Rule, with its narrower scope of reporting requirements, will be in effect in the meantime.

Foreign reporting companies should prepare to comply with the CTA and the Reporting Rule, as amended by the Interim Final Rule. Interested parties may also consider submitting written comments to FinCEN by the May 27, 2025, deadline. Additionally, all companies should stay updated on FinCEN announcements, including with respect to the final rule.

It remains to be seen whether the Interim Final Rule will be the subject of any legal challenges. In the appeal pending in the *Texas Top Cop Shop* challenge, the Fifth Circuit has asked for supplemental briefing on whether the dispute remains live in light of the Interim Final Rule.

merits panel of the Fifth Circuit vacated the motion panel's stay, effectively **reinstating the nationwide preliminary injunction** against the CTA and Reporting Rule. On Dec. 31, 2024, the government filed an emergency application with the U.S. Supreme Court to stay that preliminary injunction. On Jan. 23, 2025, the **Supreme Court granted that application** (SCOTUS Order), staying the nationwide preliminary injunction in *Texas Top Cop Shop, Inc. v. Bondi*. See *McHenry v. Texas Top Cop Shop, Inc.*, 145 S. Ct. (2025). Then, notwithstanding the SCOTUS Order staying the injunction in *Texas Top Cop Shop*, on Jan. 24, 2025, FinCEN confirmed that reporting companies were not required to file BOI Reports with FinCEN due to the separate nationwide relief entered in *Smith v. U.S. Department of the Treasury* (and while the order in *Smith* remained in effect). No. 6:24-CV-336-JDK, 2025 WL 41924 (E.D. Tex. Jan. 7, 2025). On Feb. 5, 2025, the government appealed the ruling in *Smith* to the U.S. Court of Appeals for the Fifth Circuit and asked the District Court to stay relief pending that appeal. On Feb. 18, 2025, the District Court in *Smith* granted a stay of its preliminary injunction pending appeal, thereby reinstating BOI reporting requirements once again. In response, on Feb. 19, 2025, **FinCEN announced that the new filing deadline** to file an initial, updated, and/or corrected BOI report was generally March 21, 2025. On March 2, the U.S. Department of the Treasury issued a **press release** announcing that it will not enforce any penalties or fines under the CTA against U.S. citizens, domestic reporting companies, or their beneficial owners under the current Reporting Rule or after the forthcoming rule changes take effect.

² A company applicant, in this context, would be (a) the person who directly files the document that registers the company in a U.S. state; and (b) if more than one person is involved with the document's filing, the person who is primarily responsible for directing or controlling the filing.

For additional information regarding the CTA and its reporting requirements, visit GT's [CTA Task Force](#) page.

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