Insights: Alerts

Corporate Transparency Act Back in Effect | New Beneficial Ownership Report Filing Deadline is March 21, 2025

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We previously reported that enforcement of the Corporate Transparency Act (CTA) was enjoined nationwide due to a preliminary injunction in the case of *Smith v. U.S. Department of the Treasury*.[1]

On February 17, 2025, in view of developments in other CTA-related litigation[2], the *Smith* court stayed its own preliminary injunction. As a result, the CTA's beneficial ownership reporting requirements are back in effect.

The Treasury Department's Financial Crimes Enforcement Network (FinCEN) has posted on its website that the new deadline for most companies to file their initial beneficial ownership report is **March 21, 2025**. (Other companies may have a later deadline—see FinCEN's release for more information.)

> Interestingly, FinCEN also announced that:
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> "In keeping with Treasury's commitment to reducing regulatory burden on businesses, during this 30-day period FinCEN will assess its options to further modify deadlines, while prioritizing reporting for those entities that pose the most significant national security risks. FinCEN also intends to initiate a process this year to revise the BOI reporting rule to reduce burden for lower-risk entities, including many U.S. small businesses."

In addition to the court cases, we note that legislation is in process in Congress that would repeal or delay the CTA. The secretaries of state of twenty U.S. states have recently written a letter to the President urging repeal of the CTA.

What Should Companies Do Now?

Our advice for the near term is that reporting companies should prepare to report but hold off as long as possible on filing CTA beneficial ownership reports pending near-term developments from the legislative, executive or judicial branches.

CTA Background

As we have previously reported, the CTA requires most privately held companies organized in the U.S. (including many non-wholly owned or controlled subsidiaries of public companies) and foreign companies that register to do business in a U.S. state to file an online report with FinCEN. Among other things, the report must identify any individual who, directly or indirectly, exercises “substantial control” over the company or owns or controls 25% or more of the company. These individuals are called “beneficial owners”. Our guidance on how to prepare to file beneficial ownership reports is here.

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Please do not hesitate to reach out to any of our principal CTA contacts below, or to your primary Kilpatrick contact for help or further information.

Footnotes

[1] Case No. 6:24cv336, in the Eastern District of Texas.

[2] McHenry v. Texas Top Cop Shop, Inc. (formerly Garland v. Texas Top Cop Shop, Inc.), Civil Action 4:24-CV-478 also in the Eastern District of Texas; 24-40792 in the Fifth Circuit; and 24A653 in the Supreme Court.

Related People

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