Insights: Alert

Corporate Transparency Act Suspended (Again)

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We recently reported that the Corporate Transparency Act (CTA) was back in effect due to the stay of the nationwide preliminary injunction previously entered in the case of *Smith v. U.S. Department of the Treasury*[1].

On February 27, 2025, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) announced that:

> "it will not issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update beneficial ownership information (BOI) reports pursuant to the Corporate Transparency Act by the current deadlines. No fines or penalties will be issued, and no enforcement actions will be taken, until a forthcoming interim final rule becomes effective and the new relevant due dates in the interim final rule have passed."

As a result, the CTA's beneficial ownership reporting requirements are suspended until FinCEN promulgates new rules and a new reporting schedule.

FinCEN announced that it intended to propose new rules by March 21, 2025, and solicit public comment on them. Importantly, FinCEN's release indicates that in its new rules it intends to prioritize beneficial ownership reporting by "entities that pose the most significant law enforcement and national security risks" and to "minimize burden on small businesses". This suggests that the new rules will be less onerous than the now-suspended ones.

What Should Companies Do Now?

Companies need not and should not file beneficial ownership reports with FinCEN until further notice from FinCEN.

CTA Background

As we have previously reported, the CTA in its current form 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".

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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.

Related People

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