Corporate Transparency Act Reporting Reinstated (For Now)

February 21, 2025

On Wednesday, the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN") announced that beneficial ownership reporting requirements under the Corporate Transparency Act (the "CTA") are back in effect. FinCEN established a **March 21, 2025**, reporting deadline for the initial report for many pre-existing legal entities and for updates and corrections to previously filed reports. FinCEN's notice is available here. We understand this latest development to mean that, for entities created or first registered to do business in the United States after February 19, 2025, the 30-day initial report filing deadline is reinstated.

The FinCEN action follows the lifting of a nationwide stay that had been issued by the U.S. District Court for the Eastern District of Texas in *Smith et al. v. U.S. Department of the Treasury et al.*

This action by FinCEN likely does not represent the final resolution of the CTA saga, and there are several potential future developments worth watching:

- **FinCEN Modifications to Reporting Deadlines**. First, FinCEN has indicated that in the next 30 days, it will assess its options to modify CTA deadlines while prioritizing reporting for entities that pose "the most significant national security risks."

- **Revisions to FinCEN's Reporting Regulation**. Second, FinCEN noted that it intends to initiate a process this year to revise the beneficial ownership information reporting requirements to reduce the burden for lower-risk entities, including many U.S. small businesses.

- **Ongoing Litigation**. Third, court challenges to the CTA remain unresolved, and cases are pending across the country regarding the CTA's constitutionality. The U.S. Court of Appeals for the Fifth Circuit has scheduled oral argument in a leading case, *Texas Top Cop Shop et al. v. Bondi*, for April 1, 2025. To date, the Trump administration has chosen to defend the CTA and filed a brief supporting the law's constitutionality in *Texas Top Cop Shop*.

- **Pending Legislation**. Finally, Congress is considering legislation to repeal or revise aspects of the CTA's reporting requirements. Most recently, on February 10, 2025, the U.S. House of Representatives passed H.R. 736, a bipartisan bill aimed at extending the reporting deadline to January 1, 2026, for reporting companies created or registered to do business before January 1, 2024.

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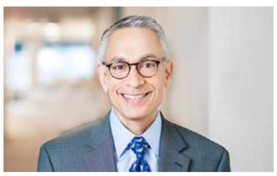
We will continue to monitor developments and provide further updates as warranted. Please do not hesitate to contact us with any questions.



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