

Enforcement of CTA Largely Suspended

March 5, 2025

The saga of the Corporate Transparency Act (CTA) continues. The latest installment is a press release issued by the United States Department of the Treasury on March 2, 2025 (copy [here](#)). In it, Treasury announces that it will not enforce any penalties or fines associated with the CTA's beneficial ownership information reporting rule under the existing regulatory deadlines (previously rolled back due to uncertainty in the courts) and that "it will further not enforce any penalties or fines against U.S. citizens or domestic reporting companies or their beneficial owners after the forthcoming rule changes take effect." Further, Treasury will be "issuing a proposed rulemaking that will narrow the scope of the rule to foreign reporting companies only."

The press release is somewhat cryptic and does not have the force of law, while both the CTA and the formally adopted rules under it, which require beneficial ownership information filings, remain in effect (indeed, as of March 5, 2025, FINCen's own reporting portal continues to state "Beneficial ownership reporting requirements are back in effect, with a new deadline of March 21, 2025 for most companies"). It does provide, at least for now, a promise that U.S. citizens and domestic reporting companies will not be sanctioned for failing to comply with the filing requirements, as well as a promise of a forthcoming rule change to formalize that. Foreign reporting companies apparently will continue to be required to file, at least with respect to their non-U.S. citizen beneficial owners.

Whether Congress will step in to actually repeal or limit the CTA itself is unforeseeable.

Note that individual state actions to impose similar reporting requirements are unaffected by this. These include New York's reporting requirements, scheduled to take effect in January 2026, pertaining to LLCs organized in New York.

Meanwhile, the various court cases reviewing the CTA continue to grind on. Most significantly on that front, on Monday, March 3, 2025, a federal District Court in Michigan determined that the CTA's information reporting requirements violate the Fourth Amendment prohibition on unreasonable searches and seizures. The logic of that ruling would seem to sweep away entirely the CTA and similar laws adopted by states. Alas, it is undoubtedly not the final word on that issue.