Proskauer

Treasury Announces Non-Enforcement of the Corporate Transparency Act for Domestic Entities

March 4, 2025

On March 2, 2025, the U.S. Department of the Treasury issued a press release announcing that it would not enforce any penalties or fines or take other enforcement actions against U.S. citizens or domestic reporting companies or their beneficial owners regarding compliance with the Corporate Transparency Act (the "CTA"), even after forthcoming rule changes take effect. On February 27, 2025, Treasury's Financial Crimes Enforcement Network ("FinCEN") had announced that it would not issue any fines or penalties or take other enforcement actions for a failure to comply with the current deadlines under the CTA. The CTA had been subject to a number of injunctions against enforcement over the past several months, the last of which was lifted on February 18, 2025.

The CTA requires a range of entities, primarily smaller, otherwise unregulated companies, to file a report with FinCEN identifying the entities' beneficial owners—the persons who ultimately own or control the company—and provide similar identifying information about the persons who formed the entity. The CTA also authorizes FinCEN to disclose this information to authorized government authorities and to financial institutions in certain circumstances.

FinCEN had indicated that its non-enforcement position would remain in effect until a forthcoming interim final rule with new deadlines becomes effective. FinCEN stated that it expects to issue an interim final rule no later than March 21, 2025. The press release issued by the Department of the Treasury stated that it will be issuing a proposed rulemaking to limit the applicability of the CTA to foreign reporting companies only.

Under the CTA's current reporting rule, a "foreign reporting company" is any entity that is formed under the law of a foreign country and is registered to do business in any U.S. state or tribal jurisdiction by the filing of a document with a secretary of state or similar office. Limiting the applicability of the CTA's reporting rule solely to foreign reporting companies as currently defined in the reporting rule would drastically reduce the number of potential reporting companies. In the supplementary information accompanying the final reporting rule published in 2022, FinCEN estimated that out of over 36 million existing entities that may be subject to reporting requirements, only about 71,000 were foreign entities.

We continue to closely monitor further developments with respect to the CTA and the forthcoming changes to the reporting rule.

Related Professionals

- **Jeffrey A. Horwitz**
  Partner
- **Yuval Tal**
  Partner
- **Robert H. Sutton**
  Partner
- **Seetha Ramachandran**
  Partner
- **Elanit Snow**
  Senior Counsel
- **Martine Seiden Agatston**
  Partner