

DEPARTMENT OF TREASURY SUSPENDS ENFORCEMENT OF CTA AGAINST DOMESTIC REPORTING ENTITIES AND U.S. CITIZENS; NEW RULES COMING

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On March 2, 2025, the U.S. Treasury Department announced that it will not impose fines, penalties, or take enforcement actions against U.S. citizens, domestic reporting companies, or their beneficial owners for failing to file or update Beneficial Ownership Information (BOI) reports under the Corporate Transparency Act (CTA) before or after the March 21st deadline previously set by FinCEN on February 19, 2025.

Additionally, the Treasury Department plans to issue a proposed rule that will significantly narrow the scope of BOI reporting requirements to apply only to foreign reporting companies. It noted this step is intended to reduce regulatory burdens on American small businesses while ensuring that the rule remains appropriately targeted to support national security and law enforcement objectives. Accordingly, not only will there not be enforcement actions taken against domestic companies under the CTA under the current regulatory deadlines, but also after the forthcoming rule changes take effect.

With these changes, domestic companies that would have been required to file BOI reports under the existing framework are currently no longer subject to enforcement actions or penalties. The proposed suspension of enforcement against domestic reporting entities might be challenged in the courts given that the text of the statute passed by the U.S. Congress specifically applies the reporting requirements to domestic reporting entities.

Conner & Winters will keep companies informed as Treasury moves forward with its rulemaking process and of subsequent developments in this ongoing saga.

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