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Corporate Transparency Act: FinCEN Releases Interim Rule Limiting Application of CTA to Foreign Companies Registered to Do Business in the United States



On March 21, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) published the text of an [interim rule](#) formally revising the Corporate Transparency Act's (CTA) definition of "reporting company" to exclude domestic reporting companies and further exempting foreign reporting companies from reporting the information of beneficial owners who are U.S. persons.

This interim rule comes on the heels of the [FinCEN](#) and [Department of the Treasury](#) announcements that they would not be enforcing the CTA filing deadlines—in addition to not enforcing any of the CTA requirements against U.S. companies and persons.

What Does This Mean?

Domestic reporting companies and U.S. owners of foreign reporting companies are not required to file Beneficial Ownership Information (BOI) reports. Under the rule, foreign reporting companies are defined as entities "formed under the law of a foreign country and that have 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." Any entities meeting this narrow definition must comply with the reporting requirements within 30 days of the interim rule's publication in the *Federal Register*. The rule is [scheduled](#) to be published on March 26, 2025.

In addition, foreign reporting companies will not be required to report any U.S. persons as beneficial owners, and U.S. persons will not be required to report BOI with respect to any foreign reporting companies for which they are beneficial owners. As discussed in our [previous update](#), this change significantly narrows the CTA's requirements and leaves many foreign-owned entities that were formed in the United States outside of the CTA's reporting requirements. In fact, an [article](#) in *American Banker* reporting on this interim final rule indicates that it would exempt more than 99% of entities previously required to report from reporting their BOI under the statute.

The next step will be a formal comment period followed by the adoption of a final amended CTA rule expected later in 2025. Interested parties may submit comments regarding whether domestic reporting companies and U.S. persons should be exempted from reporting requirements for 60 days following the interim rule's publication in the *Federal Register*.

What Comes Next for the CTA?

FinCEN's commentary to the interim rule highlights that the CTA authorizes the secretary of the treasury to exempt entities or classes of entities from CTA reporting requirements and that Section 5318(a) of the Bank Secrecy Act (BSA) grants the secretary broad authority to prescribe "appropriate" exemptions to BSA requirements. Notwithstanding, the extensive rollback of the CTA by this interim rule is likely to face legal challenges, with arguments that it exceeds these sources of exemption authority as compared to the congressional intent and sense of Congress and specific language in the statute that includes both domestic and foreign corporate entities. Even if such challenges succeed, as announced in previous FinCEN and Treasury Department announcements, the administration likely retains the power to decline enforcement of the CTA and may reinstate its previous policy of not enforcing the requirements against U.S. companies or persons.

The impact of the interim rule on existing cases challenging the constitutionality of the CTA remains uncertain. In fact, both the [U.S. Court of Appeals for the Fifth Circuit](#) and the U.S. Court of Appeals for the Eleventh Circuit hearing the appeals of some of the significant district court decisions have already ordered briefings on the effect of the new interim final rule on the cases. The interim final rule may render some cases moot. The mootness doctrine generally prevents an appeal from proceeding when a change in circumstances (such as an amendment to a statute or a change to a rule) renders the issue irrelevant or means that parties no longer have a stake in the outcome. To the extent that the final rule exempts domestic reporting companies and U.S. persons from CTA reporting requirements, a court may dismiss their cases due to a lack of cognizable interest in the results of the litigation, especially if there are no foreign companies or foreign persons as plaintiffs. Litigation brought by foreign reporting companies would still be allowed to proceed since there is an obvious stake in the outcome. In addition, the CTA statute remains in effect, and it could be interpreted differently and expanded once again by different administrations in the future. As a result, a continued interest in resolving the statute's overall constitutional questions remains relevant and something that may prompt a court to continue on the current schedule to resolve these questions.

Additionally, two bills have been introduced in the current Congress to either repeal the CTA in its entirety (H.R. 425) or extend the CTA deadlines to January 1, 2026. The bill to repeal the CTA has only been introduced. The bill to extend the deadlines has unanimously passed the U.S. House of Representatives (H.R. 736) and is in the U.S. Senate Banking Committee (S.505). As a result of the interim final rule, this bill is not as relevant and, if passed, would only have the effect of extending the filing deadlines for foreign reporting companies. This may impact its profile and the amount of attention it receives in committee.

Finally, we may also see a proliferation of state transparency laws, similar to the New York corporate transparency law, that will require domestic entities formed or registered in the various states to report their beneficial ownership as a part of the state incorporation and registration processes.

Key Takeaway: Stay Informed and Prepared

U.S. entities are not required to file initial or updated reports regarding their beneficial ownership information and foreign reporting companies do not have to report U.S. persons as beneficial owners. Foreign reporting companies should prepare to meet the updated reporting deadline for initial reports and for updates or corrections to previously filed reports.

Looking ahead, as reported in our [prior publications](#), litigation is expected to continue and may further influence the CTA's reporting requirements. And unless the CTA is repealed by Congress or ruled wholly unconstitutional by the Supreme Court of the United States, a future administration with different priorities could reinstate the full force of the CTA.

For more details regarding the CTA's reporting requirements, see our prior publications regarding [the CTA as a whole](#), [a midyear status update](#), [New York's corporate transparency law](#), and [our Compliance Collective CLE webinar](#), among [other publications](#) discussing the application of specific CTA exemptions or ambiguities.

Please reach out to your Perkins Coie team with any questions or for support in relation to CTA compliance.

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