



Client Insight: Status of the Corporate Transparency Act as of March 25, 2025

Insights

March 25, 2025

This client alert is to inform you of the current status of the Corporate Transparency Act (“CTA”). **On March 21, 2025 FinCEN issued a new interim final rule (“IFR”) that exempts domestic companies and their beneficial owners from the CTA’s beneficial ownership reporting requirements.**

Latest Status of the CTA

After a tortuous history, it appears that the CTA saga may have finally come to an end, being reduced last week to a mere requirement that an estimated 11,667 foreign entities registered to do business in the U.S. report their foreign beneficial ownership information (“BOI”). As originally proposed, the CTA would have required over 30 million U.S. business entities to report such BOI. FinCEN estimates that the IFR will reduce compliance costs by approximately \$9 billion per year. It remains to be seen what effect the IFR will have on pending litigation challenging the CTA.

As noted in our [February 28, 2025 Client Insight](#), FinCEN previously announced it planned to issue a new IFR proposing modifications to the BOI reporting requirements under the CTA. On March 21, 2025, FinCEN published an [alert](#) indicating it had issued such [IFR](#), which, among other things, exempts all domestic (U.S.) entities and U.S. persons from the BOI reporting requirements.

Under the IFR, all entities formed under the laws of any U.S. State and each such entity’s beneficial owners will be exempt from reporting any ownership information to FinCEN under the CTA.

Going forward, only entities formed under the law of a foreign country and that are registered to do business in any U.S. State or Tribal jurisdiction will be subject to the BOI reporting requirements. Even as to such foreign entities, BOI in relation to a beneficial owner that is a U.S. person is further exempt from reporting.

Foreign entities that remain subject to the CTA will need to make their BOI filings (unless they are otherwise exempt from reporting, and subject to the exemption regarding information on U.S. persons noted above) by the following new deadlines:

- If registered to do business in the U.S. prior to March 21, 2025, by April 20, 2025 (30 days from the date of the interim final rule).
- If registered to do business in the U.S. after March 21, 2025, within 30 days of receiving notice of the effectiveness of such registration.

The IFR comes in the wake of and aligns with the U.S. Treasury Department's previous March 2, 2025 [announcement](#) that it would proposed rule-making of its own to limit the CTA's scope to only foreign reporting companies. The IFR formalizes this approach through the limitation to non-U.S. persons and entities.

While the IFR remains subject to a public comment period before its final adoption, FinCEN is applying the new rules and exemptions immediately and will not impose any enforcement actions or penalties on any U.S. entities or their beneficial owners.

Recommendations

The IFR significantly limits the applicable scope of the CTA's reporting requirements and exempts the vast majority of our clients from any reporting obligations.

As a result, our clients formed in any U.S. State are not required to make BOI filings and any individuals that are U.S. persons are not required to provide BOI to any foreign entities that remain subject to the requirements of the CTA. Non-U.S. entity clients that are registered or are planning to register to do business in the U.S. should reach out to their Gunderson Dettmer team with any questions on their compliance obligations under the new IFR.

Given U.S. entities and persons are no longer subject to reporting under the CTA, the IFR notes that U.S. entities and U.S. persons are no longer obligated to update their BOI information with FinCEN. It is not clear what FinCEN will do with the data that U.S. filers have already provided in their BOI reports.

We will update you in the event there are any material changes to the IFR as a result of the public comment period, though we expect this to be the final update on the

CTA given the IFR's broad exemptions for U.S. persons and entities.

Please do not hesitate to contact us with any questions on whether the IFR covers you or any of your related entities, or with any other questions regarding the status of the CTA.

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