

## Corporate Transparency Act

---

The Corporate Transparency Act (CTA) was passed by the U.S. Congress on January 1, 2021, as part of the Anti-Money Laundering Act of 2020. The stated purpose of the CTA is to improve corporate transparency and curb illicit activities and financial crimes, including the use of shell and front companies to obfuscate ownership and launder money. Specifically, per its terms, the CTA exists “to help prevent and combat money laundering, terrorist financing, corruption, tax fraud, and other illicit activities by making it more difficult for bad actors to conceal their financial activities through entities with opaque ownership structures” while also “providing essential information to law enforcement and other agencies to help prevent corrupt actions, terrorists, and proliferators from hiding money and property in the United States.”

### **Prior to March 26, 2025**

The CTA and implementing reporting rules required the disclosure of information with respect to beneficial owners of all domestic and U.S.-registered foreign reporting companies, unless an exemption applied.

### **Effective March 26, 2025**

The Financial Crimes Enforcement Network (“FinCEN”) of the U.S. Department of Treasury (“Treasury”) issued a new interim final rule (“new IFR”) amending, and significantly limiting the scope of FinCEN’s final beneficial ownership information reporting requirements rule, as amended (as amended by the new IFR, the “Reporting Rule”) under the CTA.

The Reporting Rule now exempts all “domestic reporting companies” (referred to in the new IFR as “domestic entities”) from any CTA beneficial ownership information reporting obligations and limits the definition of “reporting companies” to those entities previously defined as “foreign reporting companies.” The Reporting Rule also exempts foreign reporting companies from reporting beneficial ownership information as to any U.S. person and relieves all U.S. persons from any requirement to report beneficial ownership information to any foreign reporting company regarding such U.S. person may be a beneficial owner.

The CTA and the Reporting Rule now only apply to foreign entities that are formed under the laws of a foreign country and are registered to do business in the U.S. by the filing of a document with a secretary of state or similar office under the laws of a state or Indian tribe, subject to any exemptions under the CTA and the Reporting Rule.

**FinCEN had also stated its intention to apply the exemption and deadline extensions in the new IFR as of March 21, 2025, in advance of publication in the *Federal Register*. We note that the new IFR, as published in the *Federal Register*, is effective as of March 26, 2025, and uses that date to set the new April 25, 2025 deadline for reporting beneficial ownership information for nonexempt foreign reporting companies.** See Beneficial Ownership Information Reporting Requirement Revision and Deadline | FinCEN.gov.

Since its passage, multiple companies and groups have challenged whether the CTA and the Reporting Rule are enforceable; see our prior CTA Alerts for summaries of a number of these challenges. The effect of the new IFR and exemption of domestic entities from the CTA reporting obligations on the pending litigation is not known and whether the any of these challenges will ultimately determine that the CTA and Reporting Rule are not enforceable is uncertain.

## Continued

---

### Summary of FinCEN's Interim Final Rule Effective March 26, 2025:

Summarized below are the most significant amendments to the Reporting Rule made by FinCEN in the new IFR:

- **Changes** the definition of "reporting company" to include *only* a foreign entity (previously a "foreign reporting company").
- **Adds** a new exemption from the definition of "reporting company" for any "domestic entity" (previously a "domestic reporting company"), thereby removing all domestic entities and their beneficial owners from the scope of any CTA initial reporting, correction, or update requirements.
- **Exempts** (foreign) reporting companies from reporting beneficial ownership information with respect to any U.S. person beneficial owners. As a consequence, a foreign reporting company that has only U.S. person beneficial owners is exempt from reporting any beneficial owners.
- **Exempts** U.S. persons from having to provide beneficial ownership information to any foreign reporting company as to which they are beneficial owners.
- **Revises** a special rule applicable to "foreign pooled investment vehicles" to exempt such investment vehicles from having to report beneficial ownership information of U.S. persons who exercise substantial control over the entity.
- **Sets new reporting deadlines** for foreign entities that are nonexempt reporting companies as follows:
  - Initial reports:
    - Reporting companies that were registered to do business in the U.S. **before March 26, 2025** (the stated effective date of the new IFR) must file beneficial ownership information reports **no later than April 25, 2025**.
    - Reporting companies that were registered to do business in the U.S. **on or after March 26, 2025** must file beneficial ownership information reports **no later than 30 calendar days of the earlier of (i)** the date the reporting company receives **actual notice that its registration is effective**, or **(ii)** the date on which a secretary of state or similar office provides **public notice** that the reporting company has been **registered to do business**.
  - Updated reports: The deadline for reporting any change to required information previously submitted, is the **later of (i) April 25, 2025, or (ii) 30 calendar days after the change occurs**.
  - Corrected reports: The deadline for reporting any change to required information previously submitted, shall be the **later of (i) April 25, 2025, or (ii) 30 calendar days after the reporting company becomes aware or has reason to know change occurs**.

Miller Canfield attorneys can provide compliance counseling and legal advice to clients impacted by the CTA.