Treasury Department Suspends Enforcement of Corporate Transparency Act's BOI Reporting Requirements

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Firm Alert

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In yet another twist in the ongoing roller coaster ride of Corporate Transparency Act (CTA) compliance, the U.S. Department of the Treasury's (Treasury Department) Financial Crimes Enforcement Network (FinCEN) has paused enforcement of the CTA's beneficial ownership information (BOI) reporting requirements. On February 27, 2025, FinCEN issued a **press release** stating that it "will not issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update beneficial ownership information (BOI) reports…by the current deadlines." Instead, FinCEN plans to issue an interim final rule by March 21, 2025 (the previously extended deadline for most reporting companies), which will set new deadlines and prioritize BOI reporting for entities that "pose the most significant law enforcement and national security risks."

This announcement was rapidly followed by a Treasury Department **press release** on March 2, 2025 taking things a step further in announcing that U.S. citizens and domestic reporting companies will not be subject to any penalties or fines for failing to file or update BOI reports, even *after* the new reporting deadlines are established. The Treasury Department further indicated that it plans to issue a proposed rulemaking to narrow the scope of the BOI reporting requirements to foreign reporting companies only. Treasury Department Secretary Scott Bessent emphasized that the latest announcement is part of the Trump administration's efforts to support American small businesses by removing burdensome regulations, describing the move as a "victory for common sense."

What does this mean for reporting companies? Although we await more specific guidance and rulemaking from FinCEN, only "foreign reporting companies" (entities formed under the law of a foreign country and registered to do business in any U.S. state or tribal jurisdiction) will be subject to enforcement action for failure to comply with BOI reporting requirements. "Domestic reporting companies" (entities created by the filing of a document with a secretary of state or similar office under the law of a U.S. state or Indian tribe) and U.S. citizens who are beneficial owners will not face enforcement action and will be exempted from such requirements per a future rulemaking. The impact of these recent announcements on the ongoing litigation concerning the CTA or on legislative efforts to delay or repeal the CTA remains uncertain.

Babst Calland will continue to closely monitor developments on this matter. Please reach out to **fincenassist@babstcalland.com** or your Babst Calland contact if you have any questions.