

## U.S. Treasury Department Suspends Enforcement of Corporate Transparency Act for U.S. Citizens and U.S. Companies

by Jua Tawah, Mark High, Dan Cotter, Benton Bodamer, and Scot Crow

The U.S. Department of the Treasury [announced](#) on March 2, 2025 that it will not take any enforcement action against U.S. citizens and legal entities formed in the United States or their beneficial owners in connection with beneficial ownership information reporting requirements under the Corporate Transparency Act (CTA or the Act).<sup>1</sup> The Treasury Department's announcement came three days after the Financial Crimes Enforcement Network (FinCEN), a bureau within the Treasury Department, [announced](#) the suspension of all filing deadlines under the CTA, and that it will be issuing rulemaking no later than March 21, 2025 to (i) further extend CTA reporting deadlines and (ii) solicit public comment on potential revisions to existing CTA reporting requirements.<sup>2</sup>

In its March 2, 2025 announcement, the Treasury Department stated that the U.S. government will not be enforcing any penalties or fines against U.S. citizens or domestic reporting companies or their beneficial owners, even after the Treasury Department's or FinCEN's forthcoming new rulemaking takes effect. Rather, the new rulemaking will make any reporting requirements under the CTA only applicable to foreign companies that register to conduct business in the United States ("foreign reporting companies").

These latest regulatory updates follow what has been a veritable whirlwind of legal and regulatory developments in connection with the CTA since December of last year. Unlike other CTA developments that were instigated by judicial action, these changes are coming directly from the Treasury Department. Our key takeaways from these latest developments are as follows:

- The Treasury release signals that it has no intention of enforcing the CTA with respect to U.S. citizens and domestic reporting companies, effectively making CTA compliance voluntary for entities formed in the United States and their beneficial owners. FinCEN apparently continues to accept new and updated filings.
- All CTA reporting deadlines are currently suspended until further notice. FinCEN stated in its February 27, 2025 press release that it will issue an interim final rule no later than March 21, 2025 that will further extend CTA reporting deadlines. The Treasury release, however, makes no promises regarding when a new rule might be issued. By suspending enforcement of any deadlines, the March 21 date may no longer serve as a target date for further updates.
- The Treasury Department promises to undertake a proposed rulemaking later this year that will narrow the scope of the CTA's reporting requirements to foreign

reporting companies only and solicit public comment on other potential revisions to existing CTA reporting requirements.

- We caution that a tension exists between suspending enforcement against U.S. companies, and the stated intention to direct enforcement only at foreign entities. The Treasury release, for example, makes no mention of how domestic reporting companies with foreign beneficial owners might be treated. Might Treasury determine that domestic entities with significant ownership by non-U.S. citizens should report at least that ownership? Might that be at the current 25% control test level, or some other threshold? What of domestic entities with non-U.S. citizens in other positions of control (executive officers, for example)?
- We remind people also that the CTA remains in place, and that the Act broadly requires BOI filings by reporting companies. That is not undone by a press release. Do companies subject to "compliance with law" covenants under their loan agreements need to report their failure to file under the Act to their lenders, for example?
- Further, the regulatory loopholes and financial abuses exposed by the Panama Papers and similar investigations remain. To exempt all domestic entities from BOI reporting allows these bad actors free reign in our country, and puts the U.S. out of step with a world-wide coordinated effort to curb money laundering, drug trafficking, terrorist financing, and other illegal activities.
- Numerous lawsuits challenging the CTA remain in play, with mixed results to date. Also, bills have been introduced in the new Congress to either extend the initial reporting deadline to January 1, 2026, or repeal the Act entirely. We will need to monitor the interplay of those efforts with Treasury's anticipated actions.
- Finally, several states and the District of Columbia have enacted or are reviewing their own beneficial ownership reporting systems. That effort may only pick up steam if CTA enforcement is curtailed.

At this time, while the full implications of the recent

<sup>1</sup> U.S. Department of the Treasury, Press Release, Treasury Department Announces Suspension of Enforcement of Corporate Transparency Act Against U.S. Citizens and Domestic Reporting Companies, March 2, 2025 (<https://home.treasury.gov/news/press-releases/sb0038>).

<sup>2</sup> FinCEN, FinCEN Not Issuing Fines or Penalties in Connection with Beneficial Ownership Information Reporting Deadlines, February 27, 2025 (<https://fincen.gov/news/news-releases/fincen-not-issuing-fines-or-penalties-connection-beneficial-ownership>).

developments remain unclear, we expect that all domestic companies formed in the United States and their beneficial owners can delay any CTA filings, at least until FinCEN's publication of the interim final rule, which may provide some clarity on the issues raised above. Even then, the current U.S. administration has already clearly signaled that it will not enforce the CTA with respect to U.S. citizens and U.S. entities, notwithstanding any forthcoming new regulatory guidance or rulemaking under the CTA. On the other hand, foreign reporting companies – and, we suggest, domestic companies with foreign ownership – should continue to closely monitor CTA updates for proposed rulemaking anticipated to be issued later this year.

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