

The Current Status of the Corporate Transparency Act



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The passage of the Corporate Transparency Act (the “CTA”) in January 2020 was a relatively uneventful moment for most people doing business in the United States. However, four short years later, in January 2024, the CTA caused frustration and panic among many business owners. This frustration stemmed from the CTA’s requirement that certain businesses report beneficial ownership information (“BOI”) to the Financial Crimes Enforcement Network (“FinCEN”). At first glance, many business owners likely assumed this was just another tedious filing requirement. However, upon closer examination, the panic and frustration largely arose from the fact that failing to file could result not only in civil penalties but also in criminal penalties.

So, what is the new BOI requirement created by FinCEN?

First, it’s important to understand that a *beneficial owner* is an individual who either directly or indirectly: (1) exercises substantial control over the reporting company, or (2) owns or controls at least 25% of the reporting company’s ownership interests. FinCEN began collecting this information to promote greater transparency and to fight money laundering and tax evasion.

While some companies are exempt from these reporting requirements—such as charities, subsidiaries of charities, government authorities, insurance companies, and public utilities—other companies were required to file their reports before the applicable deadlines. Companies in existence prior to 2024 have until January 1, 2025, to file. Companies created in 2024 have 90 days to file, while companies formed on or after January 1, 2025, will have 30 days. Additionally, any changes to BOI must be reported by filing an updated report.

To the relief of many, various legal challenges and subsequent injunctions have led to a pause in most of the reporting requirements. As of March 26, 2025, the only companies required to report their BOI are entities formed under the laws of a foreign country that have registered to do business in any U.S. state or tribal jurisdiction by filing a document with a secretary of state or a similar office. In other words, only “foreign reporting companies,” as defined by FinCEN’s prior guidance, are currently required to comply. If a company is still required to file, the BOI report must be submitted by April 25, 2025. Companies registering to do business after March 26, 2025, must file within 30 days of registration.

For the time being, only domestic companies are spared from this filing requirement—at least until such time as FinCEN is permitted to reinstate the BOI reporting rules.

Foreign investors may be wondering whether they are still subject to FinCEN’s filing requirements. Fortunately, there is no need for concern. To be clear, the requirement to file is triggered only by “registering to do business in any U.S. state or tribal jurisdiction by filing a document with a secretary of state or similar office.”

Using a foreign entity to invest in a U.S. company does not require the foreign entity to register with a secretary of state. Therefore, merely investing in a U.S. company (whether as a shareholder, member, partner, etc.) does not trigger a filing requirement for the foreign entity at any time. However, the domestic entity that receives the foreign investment may eventually be subject to the reporting requirement—if the current injunction is ever lifted.

For more information, FinCEN has provided helpful resources and a comprehensive FAQ section on its website.

This information is provided by submitting a Beneficial Ownership Information Report with FinCEN (<https://www.fincen.gov/boi>) and this new requirement applies to all businesses except those that qualify for an exemption (which you do not). There is also a useful FAQ on their website (<https://www.fincen.gov/boi-faqs>).

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