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CLIENT ALERT - CTA UPDATE: SUMMARY OF THE INTERIM FINAL RULE ON BENEFICIAL OWNERSHIP INFORMATION REPORTING

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Overview

The Financial Crimes Enforcement Network (FinCEN) has issued an interim final rule that significantly revises the Beneficial Ownership Information (BOI) reporting requirements under the Corporate Transparency Act (CTA). This rule narrows the scope of entities required to report BOI, primarily affecting entities previously defined as “foreign reporting companies, while exempting entities previously defined as “domestic reporting companies” and U.S. persons from certain reporting obligations.

Key Changes

- Exemption for Domestic Reporting Companies: The interim final rule exempts all domestic reporting companies, and their beneficial owners, from the requirement to file initial BOI reports, or to update or correct previously filed BOI reports. This exemption is achieved by redefining the term “reporting company” to exclude entities previously defined as “domestic reporting companies”.
- Exemption for U.S. Persons: U.S. persons who are beneficial owners of foreign reporting companies are exempt from having their BOI reported. This exemption also applies to U.S. persons who would otherwise need to provide their BOI to foreign reporting companies.
- Foreign Reporting Companies: The rule retains the requirement for foreign reporting companies to report their BOI, excluding the BOI of any U.S. persons who are beneficial owners of the foreign reporting company. Foreign reporting companies that only have beneficial owners who are U.S. persons are exempt from reporting any beneficial owners.

Deadline for Compliance

Foreign reporting companies that are registered to do business in the United States before the publication date of the interim final rule in the Federal Register are required to file their initial BOI reports, or update or correct previously filed BOI reports, within 30 days of the publication date of the interim final rule. Foreign reporting companies that are registered to do business in the United States on or after the publication date of the interim final rule have 30 calendar days to file an initial BOI report after receiving notice that their registration is effective.

Given that the interim final rule was published on March 26, 2025, foreign reporting companies that are registered to do business in the United States before March 26, 2025, are required to file their initial BOI reports, or update or correct previously filed BOI reports, by April 26, 2025.

Public Participation

FinCEN is accepting comments on this interim final rule and will assess the exemptions in light of those comments. A final rule is expected to be issued later this year.

Conclusion

This interim final rule represents a significant shift in the BOI reporting landscape, focusing regulatory efforts on foreign entities while eliminating compliance requirements for domestic entities and U.S. persons. Entities affected by these changes should review their reporting obligations and ensure compliance with the new deadlines.

Existing CTA clients should reach out to our CTA Task Force at info@bergersingerman.com with any questions or for further assistance. Companies that are not existing CTA clients can contact us to discuss potential engagement for CTA compliance matters.

This Client Alert is intended to be a general summary of the law and does not constitute legal advice. You should consult with counsel to determine applicable legal requirements in a specific fact situation.

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