

Corporate Transparency Act Update: Drastic Reduction in Scope of BOI Reporting in March 21, 2025 FinCEN Guidance

Article By:

Jonathan F.X. O'Brien

On March 21, 2025, the United States Treasury announced a significant reduction in scope of the definition of “reporting company” under the Corporate Transparency Act, limiting the obligation to file beneficial ownership reports to foreign entities only and removing the obligation to file from U.S. persons and U.S. companies.

As noted in our previous online posts, following significant litigation regarding the constitutionality of the regulation, on February 19, 2025, FinCEN suspended reporting obligations under the CTA and promised further guidance on reporting obligations to be issued on or before March 21, 2025. On March 21, 2025, [FinCEN issued an interim final rule](#):

The new rule exempts U.S. persons from having to disclose BOI under the regulations by narrowing the definition of a “reporting company”. This means that any entity created in the United States does not need to report beneficial ownership to FinCEN under the CTA, even if it has non-US persons as beneficial owners.

The rule is now narrowed to only foreign entities that are registered to do business in the United States by the filing of a document with a secretary of state or similar office. The rule reduces the scope of the CTA dramatically, as most foreign enterprises doing business in the United States will have created a legal subsidiary within the country in order to conduct business. **As above, U.S. entities are exempt from reporting.**

Entities in existence prior to Friday have 30 days to complete their BOI filings with FinCEN. Entities that come into existence after the issuance of the rule have 30 days following formation to complete their filing obligations.

FinCEN continues to accept comments to this interim final rule and intends on issuing a final rule later this year. The final rule may change the scope of the CTA, and litigation continues before the courts regarding the CTA. We will continue to follow the law’s progress and will provide updates as this regulation evolves.

Our prior posts on CTA developments can be found here:

[Client Alert: Corporate Transparency Act Beneficial Ownership Information Reporting On Hold – Business Law](#)

[Client Alert: Supreme Court Allows Corporate Transparency Act Enforcement But FinCEN Notes Another Stay Prevents Current Implementation – Business Law](#)

[CTA Reporting Now Required, but FinCEN Waives Penalties and Indicates New Reporting Deadline Extension Likely Later This Year – Business Law](#)

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