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News & Insights

CORPORATE TRANSPARENCY ACT REPORTING RESTART

February 20, 2025

Beneficial Ownership Information ("BOI") reporting obligations under the Corporate Transparency Act ("CTA") are back in effect. On February 17, 2025, a Texas federal judge lifted the stay he had ordered on January 7, 2025, in *Smith v. U.S. Department of the Treasury*, which had prevented the Government from enforcing BOI reporting requirements on a nationwide basis.

On February 18, 2025, the Financial Crimes Enforcement Network of the U.S. Treasury Department ("FinCEN") issued a notice that announced the following updates:

1. Unless subject to a later deadline, the new deadline to file an initial, updated and/or corrected BOI report with FinCEN is now March 21, 2025.
2. Before March 21, 2025, FinCEN may further modify deadlines for entities that do not pose significant national security risks. If FinCEN does so, it will provide yet another update "recognizing that reporting companies may need additional time to comply."
3. Importantly, "FinCEN also intends to initiate a process this year to revise the BOI reporting rule to reduce the burden for lower-risk entities, including many U.S. small businesses."

Businesses and others impacted by the CTA should prepare now to meet the March 21 deadline. Please contact a Hall Estill lawyer in our Corporate & Business Services Group for further guidance.

In the meantime, there are multiple cases challenging the CTA, including *Smith*, that will continue to work their way through the courts and Congress may also take preemptive action. On February 10, 2025, the U.S. House of Representatives passed H.R. 736, which would allow FinCEN to extend the compliance deadline for pre-2024 reporting companies to January 1, 2026. This legislation has been referred to a Senate committee for further consideration.