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## Services

[Business, Corporate & Securities](#)

### Corporate Transparency Act Update: In Like a Lion, Out Like a Lamb

For all of the handwringing and heartburn the Corporate Transparency Act (“CTA”) has caused to American businesses over the last 14 months, perhaps it is fitting that the United States Department of Treasury’s Financial Crimes Enforcement Network (“FinCEN”) released its anticipated interim rules on the Friday afternoon during the opening weekend of March Madness.

As we previewed in our March 3, 2025 [client alert](#), on Friday, March 21 FinCEN issued an [interim final rule](#) that significantly narrowed the scope of the beneficial ownership information (“BOI”) reporting requirements and the definition of reporting company. The interim rule revised the definition of “reporting company” to mean only those entities that are formed under the law of a foreign country and that have registered to do business in any U.S. state or tribal jurisdiction by the filing of a document with a secretary of state or similar office (formerly known as “foreign reporting companies”). FinCEN exempted entities previously known as “domestic reporting companies” from BOI reporting requirements.

In addition, the rule exempts foreign reporting companies from having to report the BOI of any U.S. persons who are beneficial owners of the foreign reporting company and exempts U.S. persons from having to provide such information to any foreign reporting company of which they are a beneficial owner.

The new rule also delays by 30 days the reporting deadline for foreign entities that were registered to do business in the U.S. before March 21, 2025 (the date such reports were previously due). Foreign entities that register to do business in the U.S. in the future have 30 days to file an initial BOI report after receiving notice that their registration with the secretary of state or equivalent office is effective.

Bottom line: All U.S.-organized entities that would have been deemed “reporting companies” under the CTA prior to March 21, 2025 (and their beneficial owners), and all U.S. persons who have an ownership interest in foreign entities, are now exempt from any reporting requirements under the CTA.

The interim rule is effective upon publication in the Federal Register, which should be immediately forthcoming. FinCEN will accept public comments to the interim rule for 60 days thereafter with the final rule to be issued later this year. Although the CTA authorizes the Treasury Secretary, with approval by the Attorney General and Secretary of Homeland Secretary, to exempt specific or classes of entities, the exemption of all “domestic reporting companies” is directly contrary to the statute passed by Congress. We do not know if anyone will challenge the rule on this basis and, if they do, whether a court will find that they have standing to bring a claim.

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It remains to be seen if Congress takes any action to amend the CTA to meet the initial goals of the CTA in fighting money laundering, terrorism financing and other illicit activity. In contrast to the broad net the CTA originally cast, the interim rule appears to have swung the pendulum to the other extreme for any (former) domestic reporting companies. For instance, on March 10, Senators Whitehouse and Grassley sent a [letter](#) to Treasury Secretary Bessent expressing concern that the then-suspension of enforcement of the CTA against all U.S. persons and domestic reporting companies did not satisfy the law enforcement, national security and policy purposes and goals of the CTA. In addition, keep in mind that the United States may be under some international pressure, including by its partners participating in the Financial Action Task Force (“FATF”), to adopt transparency rules for its domestic entities. Access by U.S. law enforcement and intelligence agencies to FATF’s databases with respect to foreign company and beneficial ownership information could be limited if the U.S. does not ultimately adopt transparency laws consistent with FATF’s directives.

That’s a conversation for another day. For now, domestic entities and their beneficial owners are free from having to worry about the CTA. If you have any questions about the CTA or this client alert, please contact your Kutak Rock attorney or any member of the [CTA Client Service Team](#) listed on the left.

