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The Corporate Transparency Act - Update - Suspension of Enforcement of CTA Against US Citizens and Domestic Reporting Companies

Alert

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On March 2, 2025, the U.S. Department of the Treasury announced that a new rule will be forthcoming that narrows the scope of the Corporate Transparency Act and related regulations (collectively, the “CTA”) so that it will only apply to foreign reporting companies, and will not be enforced against U.S. citizens, domestic reporting companies or their beneficial owners.

Will domestic U.S. reporting companies be required to file CTA reports?

Apparently not. Although the details remain to be seen, the announcement appears to mean that domestic U.S. reporting companies will not be required to file CTA reports.

Will foreign reporting companies be required to file CTA reports?

Apparently yes. Although the details remain to be seen, the announcement appears to mean that foreign reporting companies will be required to file CTA reports, although the filing deadline will apparently be further extended for them. Details as to the extended filing deadline have not yet been announced.

Foreign companies that have not yet filed their CTA report should promptly complete their CTA analyses, gather information on beneficial owners, and prepare and file their CTA reports by the updated filing deadline.

What is meant by a “foreign reporting company”?

Based on the existing CTA rules and FinCEN guidance, it seems likely that the term “foreign reporting company” does not include a U.S. subsidiary of a foreign entity, as the subsidiary itself would technically be a domestic entity.

On its face, the term appears to apply solely to a foreign entity (i.e., a corporation, limited liability company or other entity which is formed under the laws of a foreign country) that directly qualifies to do business in a U.S. state through a document filed with a secretary of state or similar office. That would be an unusual occurrence, as most foreign entities instead form a U.S. subsidiary to transact business in the United States for tax purposes and other reasons.

However, it is possible that further guidance on the meaning of “foreign reporting company” will be forthcoming as the revised rules are announced in the weeks to come.

What is the revised CTA filing deadline for foreign reporting companies?

That is not yet known. For foreign reporting companies, the deadline to file initial CTA reports will apparently be further extended beyond the March 21, 2025 date which had previously been announced. However, details as to the extended filing deadline have not yet been announced.

Are any other changes going to be made to the CTA rules?

That remains to be seen. As noted in our prior client alerts, the CTA has been in a constant state of flux for months now and more twists and turns could certainly arise before this ride is finished. Among other things:

- Neither the preliminary injunctions in the Texas federal court cases challenging the CTA^[1] nor their subsequent stays are final decisions as to the merits of these cases, and the CTA could still be held unconstitutional if the plaintiffs in either of these cases ultimately prevail on the merits.
- On February 10, 2025, the U.S. House of Representatives unanimously passed the Protect Small Business from Excessive Paperwork Act of 2025, H.R. 736, which would delay the CTA filing deadline until January 1, 2026. A companion bill was subsequently introduced in the Senate.

Accordingly, foreign reporting companies should remain vigilant as guidance as to the CTA and its enforceability, filing deadlines and reporting requirements continue to evolve.

What if I have legal questions?

Our firm has closely followed the CTA since the regulations were enacted and will continue to monitor it for any updates. If you would like assistance from our law firm, including how the CTA may affect you, please do not hesitate to contact your Windels Marx relationship lawyer or one of the following members of our Corporate and Securities Practice Group: [Charles Damato](#), [Christopher Dean](#), [Benjamin Fink](#), [Jonathan Gray](#), [Gregory Krauss](#), [Jonathan Kret](#), [Michael Moriarty](#), [Robert Rossi](#) or [Robert Schwartz](#).

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[1] See *Smith v. United States Department of the Treasury, et al.* (E.D. Tex., Case No. 6:24-cv-336) and *Texas Top Cop Shop, Inc. v. McHenry (formerly Texas Top Cop Shop, Inc. v. Garland)* (E.D. Tex., Case No. 4:24-cv-478).
