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## LEGAL UPDATES

# Treasury Department Says It Will Not Enforce CTA Reporting Obligations for Domestic Entities. Additional Changes in Store.

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**On March 2, 2025, the U.S. Treasury Department announced suspension of the March 21, 2025 deadline for filing under the Corporate Transparency Act (CTA) for any domestic companies or U.S. citizens.** The Department indicated forthcoming rulemaking to narrow the scope of the rule to foreign reporting companies only. "Foreign reporting companies," under the present formulation, are entities (including corporations and limited liability companies) formed under the law of a foreign country that have registered to do business in the U.S. by filing a document with a secretary of state or any similar office.

The press release from the Treasury Department said:

"The Treasury Department is announcing today that, with respect to the Corporate Transparency Act, not only will it not enforce any penalties or fines associated with the beneficial ownership information reporting rule under the existing regulatory deadlines, but it will further not enforce any penalties or fines against U.S. citizens or domestic reporting companies or their beneficial owners after the forthcoming rule changes take effect either. The Treasury Department will further be issuing a proposed rulemaking that will narrow the scope of the rule to foreign reporting companies only. Treasury takes this step in the interest of supporting hard-working American taxpayers and small businesses and ensuring that the rule is appropriately tailored to advance the public interest."

"This is a victory for common sense," said U.S. Secretary of the Treasury Scott Bessent. "Today's action is part of President Trump's bold agenda to unleash American prosperity by reining in burdensome regulations, in particular for small businesses that are the backbone of the American economy."

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While it is possible the rule could be subject to future legal challenge, because Treasury's release is inconsistent with the language of the CTA, it is not clear who might challenge the new proposed rules. As we previously reported, Congress has also been contemplating changes to the law.

We will, of course, continue to monitor developments but, at least for now, domestic companies will not face consequences for failing to report.