

Client Alert

Government Matters & Regulation

FEBRUARY 20, 2025

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CTA Is Back in Effect; New Reporting Deadline for Beneficial Ownership Information Is March 21, 2025

On February 17, 2025, the U.S. District Court for the Eastern District of Texas granted the U.S. Department of Justice's motion (filed on behalf of the U.S. Department of the Treasury) staying an order which had prevented the implementation and enforcement of the Corporate Transparency Act (CTA) pending an appeal before the U.S. Court of Appeals for the Fifth Circuit. Thus, the beneficial ownership information (BOI) reporting requirements under the CTA are now back in effect, with a new reporting deadline of March 21, 2025, for most companies.

FINCEN'S RESPONSE

On February 18, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a statement, confirming the BOI requirements under the CTA are back in effect following the Eastern District of Texas's decision. FinCEN generally extended the deadline 30 calendar days from February 19, 2025, for most companies.

BACKGROUND

The CTA went into effect on January 1, 2024, and FinCEN established by regulation a January 1, 2025, deadline for non-exempt companies created or registered to conduct business in the United States before January 1, 2024, to report BOI to FinCEN. The CTA has been challenged before many courts, including the Supreme Court, ultimately resulting in the CTA's enforcement being temporarily suspended. Please refer to our previous client alerts on the status of the CTA, including these constitutional challenges, [here](#), [here](#), [here](#), and [here](#).

UPCOMING DEADLINES

In light of the Eastern District of Texas's decision on February 17, 2025, and FinCEN's statement issued the following day, the CTA compliance

requirements are mandatory and enforceable, and the new deadline to file initial, updated, and/or corrected BOI reports is March 21, 2025, for virtually all reporting companies. For those reporting companies that had secured a reporting deadline later than March 21, 2025, the reporting deadline will be whichever is the later deadline.¹ We do not expect a decision on the merits of the appeals before the Fifth Circuit to be rendered before this March 21, 2025, deadline.

In addition, FinCEN plans to initiate a process to revise the rule to reduce the burdens on lower-risk entities, including many U.S. small businesses, this year.

ACTIVITY IN CONGRESS

Congress may also institute further changes to the CTA to reduce the burden for certain reporting companies. The Protect Small Business from Excessive Paperwork Act of 2025, for example, would provide relief to reporting companies formed prior to January 1, 2024, with respect to their initial filings by extending the reporting deadline from January 1, 2025, to January 1, 2026. Reporting companies formed after January 1, 2024, would still have to submit BOI reports as required under the CTA. The bill unanimously passed the U.S. House of Representatives on February 10, 2025, and a companion bill was introduced in the U.S. Senate the following day.

Another bill introduced on January 15, 2025, in both the House and the Senate, the Repealing Big Brother Overreach Act, would altogether repeal the CTA if enacted into law. However, to date, the bill has not garnered substantial support or traction and remains with the House Committee on Financial Services and the Senate Committee on Banking, Housing, and Urban Affairs.²

CONCLUSION

These recent developments confirm that most companies have until March 21, 2025, to report BOI to FinCEN under the CTA. King & Spalding is closely monitoring further developments affecting CTA's compliance and enforceability, and is well positioned to assist clients subject to the rule to comply with its requirements.

ABOUT KING & SPALDING

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This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice. In some jurisdictions, this may be considered "Attorney Advertising."

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¹ The plaintiffs in *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala.) challenging the CTA—Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the National Small Business Association, and members of the National Small Business Association as of March 1, 2024—are not currently required to report their BOI to FinCEN.

² The bill was also introduced in the last Congress and did not make it past either of these committees.