

# Corporate Transparency Act: Treasury Department Halts All Enforcement of Its CTA Rules and Announces that Future CTA Rules Won't Apply to Domestic Reporting Companies

MARCH 3, 2025

On Thursday, February 27, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) announced that it would not “issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update beneficial ownership information (BOI) reports pursuant to the Corporate Transparency Act [CTA] *by the current deadlines.*”<sup>[1]</sup>

In yet another CTA surprise, on Sunday, March 2, 2025, the U.S. Department of the Treasury (Treasury) took FinCEN's announcement a step further, stating that it would not issue fines or penalties associated with the CTA's BOI reporting requirements (BOI Reporting Rule) *after the forthcoming amended BOI Reporting Rule takes effect*. Moreover, the amended BOI Reporting Rule will change the existing BOI Reporting Rule by significantly narrowing its scope to ***non-U.S. reporting companies only.***<sup>[2]</sup>

## WHAT NOW?

From the perspective of Treasury and the broader current Administration – which has exclusive constitutional authority to “take Care that the Laws [of the United States, including federal regulations,] be faithfully executed” – the BOI Reporting Rule is a “burdensome regulation” that must be “rein[ed] in,” which justifies its non-enforcement. Assuming Treasury does not do an about-face on its statement of yesterday, and until such time as a federal court issues a mandamus or similar order directing Treasury to enforce the BOI Reporting Rule pursuant to the “take Care” clause of the U.S. Constitution, domestic reporting companies **no longer have compliance requirements under the BOI Reporting Rule**—including the requirement to file an initial, amended or corrected BOI report.<sup>[3]</sup>

To the extent they have not done so already, ***only non-U.S. reporting companies*** should remain prepared to file BOI reports after FinCEN's announcement of the new relevant due dates (likely later this year).

We will continue to track the latest developments with the CTA and BOI Reporting Rule. Stay tuned, and please reach out to any of the Winston CTA Task Force attorneys with any questions.

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[1] See “FinCEN Not Issuing Fines or Penalties in Connection with Beneficial Ownership Information Reporting Deadlines,” FinCEN website, February 27, 2025, <https://www.fincen.gov/news/news-releases/fincen-not-issuing-fines-or-penalties-connection-beneficial-ownership>.

[2] Non-U.S. [foreign] reporting companies are entities formed under the law of a foreign country that have registered to do business in the U.S. by the filing of a document with a secretary of state or any similar office.

[3] Domestic reporting companies are entities formed by the filing of a document with a secretary of state or any similar office in the U.S.

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