

U.S. Treasury Abandons the CTA For All Entities Except “Foreign Reporting Companies”

by Erin Bryan, Nathan Honson, Joseph Lynyak, and Matthew Dickerson

As we previously announced, last week FinCEN confirmed that it would halt enforcement actions in relation to the Corporate Transparency Act (“**CTA**”) while it developed revised regulations that would prioritize reporting for *“those entities that pose the most significant law enforcement and national security risks.”*

On March 2, 2025, the U.S. Treasury Department confirmed that the scope of those new regulations would be limited to *“foreign reporting companies”* only, and that Treasury would 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”*.

The term “foreign reporting company”, as defined by the existing regulations, is limited to entities formed in a non-U.S. jurisdiction that have registered to do business in the United States by the filing of a document with a secretary of state or similar office. By this announcement, it appears that the forthcoming revisions to the CTA will not only exclude U.S. citizens, but also “domestic reporting companies” (i.e., entities formed in the United States or under tribal jurisdictions) from its scope of enforcement – with no distinction (yet) made for a domestic entity that is wholly-owned and/or controlled by non-U.S. persons.

Essentially, the U.S. government has now abandoned the CTA for the vast majority of reporting companies that were covered under the prior regime.

U.S. Treasury Secretary, Scott Bessent, said *“This is a victory for common sense,”* and that *“[t]oday’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.”*

We will continue to monitor developments, and will be available to assist as FinCEN commences another rulemaking process.

Related People

- Erin Bryan
- Nathan Honson
- Joseph Lynyak
- Matthew Dickerson

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