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# Corporate Transparency Act: U.S. Companies And U.S. Persons Exempted From Reporting Requirements (Interim Final Rule)

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Practices: Corporate, Finance & Acquisitions

The Corporate Transparency Act (the “CTA”) is a federal law that went into effect on January 1, 2024, aimed at preventing illegal financial activities by increasing transparency in business ownership. The CTA requires certain companies to disclose information about the company’s “beneficial owners” to the Financial Crimes Enforcement Network (“FinCEN”). A “beneficial owner” is anyone who, directly or indirectly, owns 25% or more of the company or who exercises significant control over it.

Since the end of 2024, changes have occurred regarding the reporting obligations and deadlines of the CTA. On March 21, 2025, FinCEN issued and adopted an interim final rule which eliminated the reporting requirements (including updating or correcting previously filed CTA reports) for domestic reporting companies as well as U.S. persons. A “domestic reporting company” is any business entity created in the United States solely by filing a document with a secretary of state or other similar office under the law of a U.S. State or Tribal jurisdiction. A “U.S. person” is a U.S. citizen or permanent U.S. resident.

Pursuant to the interim final rule, only foreign reporting companies, which are defined as entities that are formed under the laws of a foreign country and registered to do business in any U.S. State or Tribal jurisdiction, which do not qualify for an exemption, are required to report beneficial ownership information for non-U.S. persons (i.e. non-U.S. citizens or permanent residents) to FinCEN. Such non-exempt foreign reporting companies registered to do business in the U.S. before March 21, 2025 must file a CTA report no later than April 20, 2025. . All other non-exempt foreign reporting companies registered to do business on or after March 21, 2025 will have 30 calendar days upon registering to file an initial CTA report.

The Secretary of the Treasury has directed FinCEN to solicit comments on the approach taken in the interim final rule, and FinCEN intends to issue a final rule later this year.

## WHAT THIS MEANS FOR YOU

### If You Are a Domestic Reporting Company AND Have or Have Not Filed Your CTA Report:

- **No CTA Report needs to be filed; No action is required to declare that your entity is exempt.**

**If You Are a Foreign Reporting Company AND Have Not Filed Your CTA Report:**

- **You have until April 20, 2025 to gather your beneficial ownership information and submit a CTA Report including all non-U.S. Persons who are beneficial owners of your entity.**

## **NEXT STEPS**

Masuda Funai will continue to monitor the CTA as further developments unfold and assist all foreign reporting companies in determining their beneficial owners to submit CTA Reports by the April 20, 2025 reporting deadline.

Please note, that litigation is also currently pending in the U.S. Court of Appeals of the Fifth Circuit ("Fifth Circuit") and it is unknown how the Fifth Circuit will rule on the CTA and its enforceability.

## **PLEASE CONTACT US FOR ASSISTANCE**

If you have any questions about the CTA or its reporting requirements, or if you need assistance in filing your report, please contact us for assistance.

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