

Return of the CTA – FinCEN Once Again Able to Enforce Filing Requirements

Article

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The beneficial ownership information (BOI) reporting requirements under the Corporate Transparency Act (CTA) are back in effect.

The CTA generally requires “reporting companies” (any domestic or foreign entity registered to do business in the U.S. and which does not fall into one of 23 specific exceptions) and their respective “beneficial owners” (any individual who owns at least 25% of, or exercises substantial control over, an entity) to report certain information to the Financial Crimes Enforcement Network (“FinCEN”), a bureau within the United States Department of the Treasury. However, in connection with a number of recent challenges regarding the constitutionality of the CTA (namely the cases of (i) *McHenry v. Texas Top Cop Shop, Inc.*, and (ii) *Smith v. U.S. Department of the Treasury* – both filed in the U.S. District Court for the Eastern District of Texas), certain nationwide injunctions preventing the enforcement of the act were issued in December of 2024 and January of 2025.

On February 17, 2025, the last of these nationwide injunctions was stayed (meaning enforcement of the CTA is no longer enjoined), with Judge Jeremy Kernodle noting that, in light of the Supreme Court’s decision to stay the enforcement of the injunction in *Texas Top Cop Shop, Inc.*, he would also grant the motion to stay the injunction with respect to the *Smith* case.

Following the order by Judge Kernodle, FinCEN published a notice on February 18, 2025 clarifying that, for the vast majority of reporting companies and their respective beneficial owners, an extension has been granted such that the new deadline to file BOI reports is March 21, 2025. However, note that the March 21, 2025 deadline is only applicable for those who have not already been granted an extension by FinCEN beyond that date. In such cases, the later deadline remains applicable (for example, qualifying reporting entities and beneficial owners who were granted a six month extension due to being affected by Hurricanes Milton, Helene, Debby, Beryl, or Francine).

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Furthermore, FinCEN has indicated that:

1. During the next thirty (30) days, it will assess potential further deadline modifications while still “prioritizing reporting for...entities that pose the most significant national security risks”, and
2. It will initiate a process this year to revise BOI reporting rules to reduce the “burden for lower risk entities, including many U.S. small businesses.”

While reporting companies and beneficial owners should be prepared to file initial reports (or updates) in accordance with the current filing deadlines, certain organizations may choose to delay filing until closer to these deadlines to see if additional extensions or exemptions are granted.

For further questions regarding the latest guidance issued by FinCEN, or what reporting deadline is applicable to you and/or your organization, please reach out to any member of the Lowndes Corporate Group for guidance.