Latest Update on Corporate Transparency Act Compliance: FinCEN Suspends Penalties for Failure to Report by Current Deadlines

Client Alert

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In our most recent Alert on the highly controversial and largely litigated nature of the Corporate Transparency Act (CTA), we reported that the CTA was back in effect nationwide and that, but for a few exceptions, all reporting entities would be required to report their Beneficial Ownership Information (BOI) to the Financial Crimes Enforcement Network (FinCEN) no later than March 21, 2025.

We had also previously advised that penalties of $500 per day (indexed for inflation) could be assessed against a reporting entity that fails to timely report, and additionally, that willful noncompliance could result in penalties of up to $10,000 as well as criminal charges and prison time of up to two years.

When the reporting requirement was put back into effect on February 18, 2025, presumably these penalties were likewise reactivated. However, in the late hours of February 27, 2025, FinCEN unexpectedly announced that the penalties would not, in fact, be levied against reporting entities that fail to timely report or update prior reports.

> FinCEN stated that it **"will not issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update [BOI] reports pursuant to the [CTA] by the current deadlines."**
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> Essentially, enforcement actions would not be initiated until, according to FinCEN, **"a forthcoming interim final rule becomes effective and the new relevant due dates in the interim final rule have passed."** The goal of this penalty hiatus is to reduce burden on businesses and focus the efforts to get BOI reporting from entities posing a national security risk.

FinCEN's interim final rule regarding CTA reporting is expected no later than March 21, 2025.

If you have an interest in assisting FinCEN in further modifying the CTA, business owners and others will have the opportunity to participate in reshaping the CTA when FinCEN invites public comments on potential revisions to BOI reporting requirements later this year.

If you require assistance determining whether you are a reporting company or what your BOI is, or have questions about your reporting obligations in light of this latest development, you should contact our office as soon as possible.

Please review our previous CTA Alerts for more information regarding the ongoing legal developments related to the CTA. We will continue to provide information regarding the CTA as matters unfold. In the meantime, please contact the author of this Alert with any questions or concerns.

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