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# Corporate Transparency Act: New Reporting Deadline

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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 December 2024, the reporting requirements of the CTA have significantly changed due to several decisions from the U.S. District Court for the Eastern District of Texas, U.S. Court of Appeals for the Fifth Circuit (“Fifth Circuit”), and the U.S. Supreme Court, with a single nationwide injunction suspending the reporting requirements remaining in place. On February 18, 2025, the U.S. District Court for the Eastern District of Texas lifted that injunction. FinCEN has since announced a deadline extension for reporting companies requiring that all initial, updated, and corrected CTA reports be submitted by March 21, 2025. FinCEN noted that some companies may need additional time to comply and are expected to provide additional guidance as the deadline approaches.

Congress has also recognized that the deadline may be overly burdensome for small businesses. On February 10, 2025, the House of Representatives passed the *Protect Small Businesses from Excessive Paperwork Act* which would extend the reporting deadline to January 1, 2026. A similar bill has been introduced in the Senate but has yet to be voted on.

## **WHAT THIS MEANS FOR YOU**

All companies that are required to file an initial, updated, and/or corrected CTA report must do so by March 21, 2025.

## **NEXT STEPS**

While oral arguments regarding the constitutionality of the CTA are set to be heard by the entire Fifth Circuit on April 1, 2025, and new laws may be enacted by Congress extending the deadline, all companies subject to the reporting requirements of the CTA should prepare and submit their CTA reports before March 21, 2025.

Masuda Funai will continue to monitor the CTA as further developments unfold and will alert you to any changes.

**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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