

U.S. CTA REPORTING OBLIGATION REINSTATED WITH NEW DEADLINE

IN ANOTHER LEGAL DEVELOPMENT, THE U.S. DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS RULED ON 18 FEBRUARY 2025 TO ELIMINATE THE NATIONWIDE INJUNCTION IN THE *SMITH* CASE. AS A RESULT, THE BENEFICIAL OWNERSHIP INFORMATION (BOI) REPORTING REQUIREMENTS UNDER CORPORATE TRANSPARENCY ACT (CTA) ARE ONCE AGAIN IN EFFECT.

BACKGROUND

Reporting companies formed before 1 January 2024 were originally required to comply by 1 January 2025, by submitting their initial BOI reports. Reporting companies formed in 2024 had 90 days to report, and beginning in 2025, all new reporting companies were required to file within 30 days. For more detailed information about the CTA, refer to our Key Facts [here](#).

In December 2024, a Texas federal court ruled that the CTA and its Reporting Rule likely violate constitutional protections, finding that Congress lacked the authority to enact the Act. As a result, injunctions were issued in two separate cases, *Texas Cop Shop* and *Smith*, effectively suspending the year-end compliance deadline nationwide. The Treasury Department appealed both decisions, leaving the final determination of the CTA's constitutionality to the appellate court.

On 18 February 2025, the U.S. District Court for the Eastern District of Texas lifted the *Smith* nationwide injunction. Following this ruling, the Financial Crimes Enforcement Network (FinCEN) announced that CTA BOI reporting requirements are once again mandatory. To allow for an adjustment period, FinCEN has extended the reporting deadline for existing companies by 30 days.

FinCEN also confirmed its intention of initiating a process in 2025 "to revise the BOI reporting rule to reduce burden for lower-risk entities, including many U.S. small businesses." Additionally, FinCEN may further change deadlines between now and 21 March 2025, prioritizing BOI reporting "for those entities that pose the most significant national security risks." However, FinCEN has not yet defined "lower-risk entities" or "entities that pose the most significant national security risks". The full FinCEN notice is [here](#).

REVISED DEADLINES FOR REPORTING COMPANIES

- > Companies formed before 1 January 2024 must submit an initial, updated, or corrected BOI report by 21 March 2025;
- > Reporting companies formed or registered on or after 18 February 2025 must file within 30 days of formation or registration;
- > Reporting companies granted extended deadlines due to disaster relief can file by the later deadline previously provided.

NEXT STEPS FOR REPORTING COMPANIES

Uncertainty remains regarding whether FinCEN will further adjust the 21 March 2025 deadline or whether Congress will enact legislation to extend it. However, reporting companies that fail to comply by the applicable deadline may face significant penalties. We strongly encourage reporting companies to prepare and submit their BOI reports as soon as possible to ensure compliance.

HOW WE CAN ASSIST

For questions about the CTA or its latest developments, please contact your usual Trident Trust representative or our US Corporate Services Team at tcsu@tridenttrust.com.

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