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Dear Clients and Friends:

The never-ending drama regarding the enforcement of the Corporate Transparency Act (the "CTA") appears to have finally come to an end (for now).

On March 21, 2025, FinCEN issued an interim final rule (the "Interim Final Rule") which effectively exempts all corporations, limited partnerships, limited liability companies and other legal entities which were formed in the United States or its territories ("Domestic Entities") from the beneficial ownership information ("BOI") reporting requirements under the CTA. Under the Interim Final Rule, only foreign entities (entities formed outside of the United States and its territories, but registered in a State or territory of the United States) are subject to the CTA's obligation to file a BOI report.

In addition, the Interim Final Rule exempts all "U.S. persons" (citizens and residents of the United States and its territories) from having to provide beneficial ownership information for inclusion in the BOI reports of foreign entities which still have a reporting obligation under the CTA. U.S. persons who might otherwise be classified under the CTA as beneficial owners of a foreign entity do not need to be reported in the foreign entity's BOI report.

Finally, the Interim Final Rule makes it clear that if a Domestic Entity has already filed a BOI Report, the Domestic Entity has no obligation to update the BOI Report to reflect changes in the Domestic Entity's information or the information of any beneficial owners.

It must be noted that the Interim Final Rule directly conflict with the statutory language and stated policy goals of the Corporate Transparency Act. However, FinCEN issued the Interim Final Rule as directed by the Secretary of the Treasury, who used his regulatory authority to exempt Domestic Entities and U.S. persons from the CTA on the grounds that requiring beneficial ownership information (i) would not serve the public interest, and (ii) would not be "highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation [of] finance, serious tax fraud, or other crimes." Although the door is open for future administrations to reinstate the CTA reporting obligations for Domestic Entities and U.S. persons, it appears that (for now) the CTA drama for Domestic Entities and U.S. persons is over.

Very truly yours,



Linda C. Slider

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