



Summary

The Corporate Transparency Act (CTA) requires certain companies to disclose information about their beneficial owners to the Treasury Department's Financial Crimes Enforcement Network (FinCEN). The goal was to create a national directory of beneficial owners to curb illicit finance, drug cartels, terrorist groups, and other harmful activities.

In March 2025, the Treasury Department announced it will suspend enforcement of the CTA for U.S. domestic reporting companies and their beneficial owners, focusing solely on foreign entities. This means U.S. commercial real estate entities are now exempt from providing beneficial ownership information to FinCEN.

FinCEN intends to issue new rules to narrow the scope of the CTA's reporting requirements to only apply to foreign-formed companies that have registered to do business in the U.S.

The Real Estate Roundtable (RER) continues to work with policymakers in support of a balanced approach that would inhibit illicit money laundering activity without the imposition of costly reporting requirements for real estate investors.

Key Takeaways

- Treasury's suspension of CTA enforcement for domestic entities significantly reduces compliance burdens for real estate businesses that rely on LLC structures.

Background

CTA Requirements

- A beneficial owner refers to an individual who owns at least 25 percent of an entity or indirectly exercises "substantial control" over it.
- The CTA amended the Bank Secrecy Act to require corporations, limited liability companies, and similar entities to supply three categories of information: information about the entity, beneficial ownership information (BOI), and information about the company applicants involved in forming the entity.
- The CTA authorizes FinCEN to collect and disclose BOI to authorized government authorities and financial institutions, subject to effective safeguards and controls. The statute requires the submission of regular reports to the federal government that include a litany of sensitive personal identifiers of the owners, senior employees, and/or advisors of covered entities.
- While this disclosure obligation began on Jan. 1, 2024, the U.S. Court of Appeals for the Fifth Circuit vacated the stay on Dec. 26, 2024 and reinstated the nationwide preliminary injunction enjoining enforcement of the CTA and the Reporting Rule, including the impending reporting deadlines.
- On March 2, 2025, the U.S. Treasury Department announced it would suspend enforcement of the CTA against U.S. citizens and domestic reporting companies, and later issued an interim final rule through FinCEN that eliminated their reporting requirements entirely.

Recommendations

Support Measures that Encourage Capital Formation: RER, along with its coalition partners, repeatedly raised concerns about the regulatory burden posed by the CTA and has supported the court challenges to the law. We are pleased by the Treasury's constructive action to exempt domestic reporting companies.

- Although the CTA is intended to provide support for law enforcement investigations into shell companies engaged in money laundering, tax evasion, and terrorism financing, it places many **costs and legal burdens on small businesses**, especially those in the real estate industry.



Beneficial Ownership & Corporate Transparency Act

The Real Estate Roundtable

- RER welcomes the Treasury's action to exempt domestic reporting companies and supports efforts to thwart illegal money laundering in real estate, while encouraging policymakers to find a balanced approach that does not unfairly burden law-abiding businesses and encourages capital formation.