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Relief Is Real, But Not Universal: FinCEN Permanently Ends BOI Reporting for US Companies

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KEY POINTS

- FinCEN's August 2026 final rule permanently removes the requirement for U.S. companies and U.S. persons to report beneficial ownership information under the Corporate Transparency Act.
- Under the Final Rule, only entities formed under the law of a foreign country that have registered to do business in any U.S. state or Tribal jurisdiction qualify as "reporting companies" subject to BOI reporting obligations.
- FinCEN will delete previously reported BOI submitted by U.S. persons — now exempt from the reporting requirements — from its beneficial ownership information database.
- The Final Rule also exempts all U.S. persons from any obligation to update or correct information previously submitted to FinCEN in connection with obtaining a FinCEN identifier.
- The federal BOI exemption does not preempt state-level reporting requirements; New York's LLC Transparency Act, effective January 1, 2026, imposes separate beneficial ownership disclosure obligations on foreign LLCs registered to do business in the state.

On August 11, 2026, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued a final rule (Final Rule) confirming the implementation of the relief and clarifications regarding the Corporate Transparency Act (CTA) contemplated by the March 21, 2025 interim rule (Interim Rule) covered in our March 25, 2025, and April 22, 2025, client alerts. The Final Rule took effect on August 14, 2026, upon its publication in the *Federal Register*. By removing the requirement for U.S. companies and U.S. persons to report beneficial ownership information (BOI) under the CTA, the Final Rule represents a significant rollback of much of a reporting regime that had imposed compliance obligations on millions of small and mid-sized businesses across the U.S. FinCEN has also announced it will delete previously reported information submitted by U.S. persons from its BOI database.

KEY DETAILS

- **Permanent Exemption for U.S. Companies:** The Final Rule codifies and makes permanent the exemptions first introduced in the March 2025 interim final rule, permanently relieving U.S. domestic companies of any obligation to report BOI to FinCEN. As such, the Final Rule confirms that only entities that are formed under the law of a foreign country and have registered to do business in any U.S. state or Tribal jurisdiction by the filing of a document with a secretary of state or similar office can qualify as "reporting companies" under the CTA.
- **Exemptions Not Modified:** The Final Rule leaves intact the several potential exemptions that may allow a reporting company from not having to report BOI under the CTA.
- **FinCEN ID Holders Relieved of Update Obligations:** U.S. persons (including entities that may have previously been considered reporting companies) that previously obtained FinCEN IDs are no longer required to update or correct information they originally submitted to obtain those IDs.

- **Reporting Companies No Longer Required to Report U.S. Company Applicants:** The Final Rule eliminates the requirement for reporting companies to identify and report U.S. person “company applicants” — individuals who assisted those reporting companies in registering to do business in the U.S.
- **Exemption for Foreign Pooled Investment Vehicles:** Foreign pooled investment vehicles registered in the U.S. are exempt from reporting the BOI of any U.S. person in control of the vehicle.
- **Deletion of Previously Submitted U.S. Person Data:** FinCEN indicates that it intends to delete information about any individual — company applicant, beneficial owner, or FinCEN ID recipient — that FinCEN reasonably believes is a U.S. person, including data linked to U.S. passports or U.S. driver’s licenses.
- **Foreign Entities Remain Subject to Reporting:** Foreign entities that qualify as reporting companies are still required to report BOI for foreign individuals. Companies with foreign ownership or those operating through foreign registered entities should carefully assess whether reporting obligations still apply to their structures, particularly where foreign individuals hold beneficial ownership interests.
- **Prior Enforcement Actions:** FinCEN has not assessed penalties for failure to file BOI reports during the period when applicable court orders and the Interim Rule suspended enforcement efforts. Reporting companies that did not file during that period should not face retroactive liability under the Final Rule.

MAIN TAKEAWAYS

- **No Further Action Required for Most U.S. Businesses:** U.S. domestic companies that were previously reporting companies are fully and permanently exempt. No filings, updates, or corrective submissions are required going forward.
- **Previously Filed Data Will Be Purged:** U.S. persons and entities need not take any action to have their data removed — FinCEN will proactively delete previously reported information it identifies as belonging to U.S. persons.
- **Foreign Entities Must Still Comply:** The relief is not universal. Foreign companies registered to do business in the U.S. retain CTA reporting obligations (subject to applicable exemptions) with respect to their foreign beneficial owners and must continue to comply accordingly.
- **Updated Guidance Forthcoming:** FinCEN has issued updated FAQs focused on the Final Rule and will update their legacy guidance on FinCEN.gov to take into account the changes arising in the Final Rule. As of the date of this client alert, those changes have not yet been implemented. Businesses should monitor FinCEN’s website for further developments.
- **Ongoing Monitoring:** While the rule is final and effective upon *Federal Register* publication, businesses and counsel should continue to monitor for any further regulatory or legislative developments, including potential future changes to the CTA itself.
- **State-Level Reporting Requirements:** The federal rule does not preempt state-level beneficial ownership reporting obligations. Several states, including New York (through the LLC Transparency Act), have enacted or proposed their own beneficial ownership disclosure requirements. Companies should assess whether state-level filing obligations continue to apply.

For more information on FinCEN’s beneficial ownership reporting requirements under the Corporate Transparency Act, or to assess whether your organization retains compliance obligations, please contact Eddie Nogay, Ryan Last, P. Thao Le, or Daniel McDonough, or any member of Troutman Pepper Locke’s Anti-Money Laundering Practice Group.

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