THE CORPORATE TRANSPARENCY ACT | NOVEMBER 9, 2026

Corporate Transparency Act Update: What Does the Future Hold?

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The Corporate Transparency Act ("CTA") became effective on January 1, 2024. Since then, the CTA has been on a roller coaster of challenges and changes to its enforcement by the Financial Crimes Enforcement Network ("FinCEN"). Just when you thought the CTA ride was coming to its end, there has been another unexpected turn leaving us with the question: "What does the future hold for the CTA?"

On August 11, 2026, FinCEN made permanent its Interim Rule (discussed in **our March 2025 post**), which eliminated the requirement for domestic reporting companies and U.S. persons to report beneficial ownership information ("BOI") under the CTA, effective August 14, 2026. Under this final rule (the "Final Rule"), domestic corporations, limited liability companies, and other entities created in the U.S. by filing with a secretary of state or similar office no longer must file initial, updated, or corrected BOI reports. However, under the Final Rule foreign reporting companies must still report BOI for non-U.S. individual beneficial owners and non-U.S. company applicants, along with basic entity information: legal name, trade names, relevant business address. U.S. persons who previously obtained FinCEN identifiers are also exempt from any obligation to update or correct information previously provided, and FinCEN announced that it will delete previously reported U.S. person information from the BOI database.

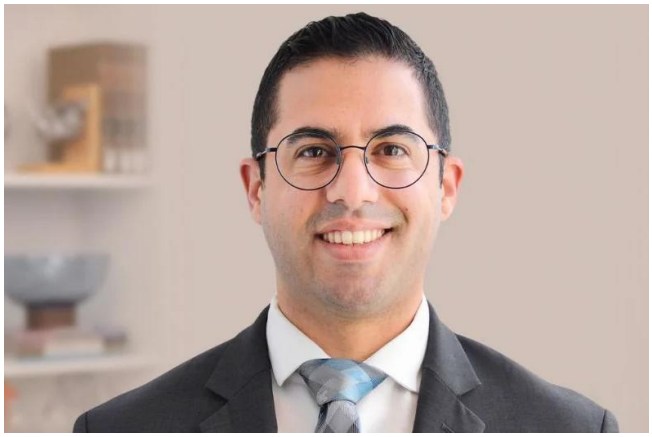
With the Final Rule severely gutting the CTA, many believed the CTA saga was effectively over. This further supplanted by the fact that on October 5, 2026, the U.S. Supreme Court denied certiorari in two constitutional challenges to the CTA: *National Small Business United v. Bessent* and *Texas Top Cop Shop, Inc. v. Blanche*. In both cases, the challengers argued that the CTA is facially unconstitutional because Congress exceeded its enumerated powers under the Commerce and Necessary and Proper Clauses by requiring entities to report BOI simply because they were formed under state law, rather than because of any economic activity, and the CTA's compelling of BOI disclosure to federal law enforcement constitutes an unreasonable, warrantless search in violation of the Fourth Amendment. The denials by the U.S. Supreme Court did not change the current filing obligations under the Final Rule.

On October 27, 2026, twenty U.S. states and the District of Columbia sued the U.S. Department of the Treasury and FinCEN, alleging that the Interim Rule and Final Rule violate the Administrative Procedure Act and exceed FinCEN's authority under the CTA by exempting all domestic entities (more than 99.9% of would-be reporters). Such lawsuits also allege that FinCEN's plan to delete previously submitted BOI for

newly exempt entities by February 2027 is unlawful. The states are requesting for the Interim Rule and Final Rule to be vacated and injunctive relief to prevent the purging of the BOI data received by FinCEN. The granting of such relief could mean that enforcement of the CTA by FinCEN would apply again to domestic reporting companies and U.S. person beneficial owners.

This latest CTA development means more is likely yet to come, especially for domestic reporting companies and their U.S. beneficial owners. Those impacted should closely monitor this challenge. Our legal team is available to address any of your CTA questions or concerns. Please visit our **CTA webpage** for further information on the CTA and related developments.





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