BUSINESS LAW BASICS

The Corporate Transparency Act’s Reporting Requirement Is Gone — Here’s What Actually Changed

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If you spent the last two years bracing for beneficial ownership reporting and losing track of shifting deadlines, the whiplash is mostly over. On August 11, 2026, FinCEN issued a final rule permanently eliminating the Corporate Transparency Act's reporting requirement for U.S. companies and U.S. persons, effective August 14. For most California businesses, a filing obligation once billed as mandatory for tens of millions of small entities no longer applies.

How We Got Here

Congress enacted the CTA in 2021 to fight the use of shell companies for money laundering, with reporting starting January 1, 2024. The rule spent much of its early life tangled in shifting deadlines. In March 2025, Treasury announced it wouldn't enforce penalties against U.S. companies and signaled it would narrow the rule to foreign entities only; FinCEN followed through with an interim rule exempting all domestic companies and their U.S. owners. The August 2026 rule makes that permanent rather than just discretionary — and FinCEN says it will delete previously filed U.S.-person data from its database entirely.

Who's Exempt, Who Isn't

Any U.S.-formed entity — a California corporation, LLC, partnership, essentially anything domestic — and its beneficial owners no longer have to report anything.

Still in scope: foreign entities registered to do business in the U.S., which must still report their foreign individual owners. If your company has foreign ownership or is the U.S.-facing entity in a cross-border deal, that piece hasn't gone away.

What This Doesn't Change

This is a federal rollback only. California's own filings — Statements of Information, registered agent upkeep, franchise tax — are untouched. And unlike New York, which enacted its own LLC Transparency Act (later narrowed to foreign LLCs only), California doesn't have a state-level backstop at all: SB 1201, its own attempt at a state beneficial-ownership law, died in committee in 2024 and never reached the Governor. So there's currently no California equivalent filling the gap.

Final Thoughts

For most privately held California businesses, this is simple: nothing left to file, and nothing to do about a report already submitted — FinCEN is clearing that data on its own. The exception is any company with a genuine cross-border ownership structure, where the obligation is narrower but still real. And given how many times this rule has reversed course in two years, it's worth a quick check with counsel before assuming today's exemption is the last word.

About the Author

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