

Foreign Companies Doing Business in the United States: What the Corporate Transparency Act Still Requires and How to Minimize U.S. Beneficial Ownership Reporting

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As we [previously reported](#), on August 14, 2026, the Financial Crimes Enforcement Network (“**FinCEN**”) published a [final rule](#) (the “**Final Rule**”) that made permanent the significant changes to the Corporate Transparency Act (“**CTA**”) beneficial ownership information (“**BOI**”) reporting requirements that FinCEN had adopted on an interim basis in March 2025. Under the Final Rule, entities formed in the United States are no longer subject to BOI reporting requirements, and U.S. persons are no longer required to report or provide BOI to reporting companies where they are beneficial owners or company applicants. However, the Final Rule maintains the current framework with respect to foreign entities that qualify as reporting companies.

Foreign Reporting Companies

Under the Final Rule, a “reporting company” is now strictly limited to an entity (i) formed under the law of a foreign country, and (ii) registered to do business in any U.S. state or tribal jurisdiction by filing a document with a secretary of state or similar office. For example, if a foreign entity registers a branch office by making a qualification or doing-business filing in any U.S. state, the foreign entity, unless otherwise exempt, is a reporting company and must submit a BOI report through FinCEN’s system. FinCEN [estimated](#) that the Final Rule’s broadened exemption will reduce the number of entities required to report to approximately 0.06 percent of [estimated reporters](#) that were previously required to report under the 2022 regime. While this is a massive reduction in scope, foreign companies with economic ties to the United States must continue to analyze whether they are among the small population of entities that remain obligated to report BOI to FinCEN. Failure to comply can result in significant civil and criminal penalties.

Can a Foreign Reporting Company Be Exempt?

Registration to do business in the United States does not necessarily trigger a BOI filing. As we [previously reported](#), the CTA and its implementing regulations include several

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exemptions from the definition of “reporting company” that cover specified categories of entities, including certain securities issuers, banks and other regulated financial institutions, tax-exempt entities, certain large operating companies, and subsidiaries of certain exempt entities. The requirements for these exemptions should be reviewed carefully because several contain conditions that may be particularly relevant to foreign entities that may otherwise be required to file BOI reports.

BOI relating to U.S. Persons Now Excluded

Even where an entity qualifies as a “reporting company” under the Final Rule and no exemption is available, a reporting company will only be required to report BOI on individuals who are not “U.S. persons”. The term “U.S. person” in the CTA cross-refers to section 7701(a)(30) of the Internal Revenue Code, and generally means a U.S. citizen, U.S. tax resident, or a U.S. partnership, corporation, estate, or trust. The Final Rule provides that:

- a foreign reporting company is not required to report BOI concerning any U.S. person, whether that U.S. person is a “beneficial owner” or a “company applicant;” and
- a U.S. person is not required to provide BOI to a foreign reporting company in connection with such U.S. person’s status as a “beneficial owner” or a “company applicant.”

How Can Non-U.S. Entities Minimize U.S. Beneficial Ownership Reporting?

For foreign reporting companies that are establishing or expanding U.S. operations, entity structure may provide the most straightforward means of minimizing or avoiding a CTA reporting obligation. Under the Final Rule, a “domestic entity,” meaning an entity created by the filing of a document with a secretary of state or similar office under the law of a U.S. state or tribal jurisdiction, is not subject to BOI reporting under the CTA. Accordingly, before filing a foreign qualification for a non-U.S. entity, such entity should consider whether its U.S. operations can instead be conducted through a newly formed U.S. subsidiary. Where appropriate, this structure can eliminate the BOI reporting obligation altogether, regardless of whether the U.S. entity is wholly owned by non-U.S. persons.

This does not mean that forming a U.S. subsidiary will always be preferable. Tax, regulatory, licensing, employment, contractual, financing, liability, and other considerations may point in the opposite direction. However, minimizing potential CTA reporting obligations should now be part of the initial corporate structuring analysis for foreign companies doing business in the United States.

Global Push for Beneficial Ownership Transparency

Minimizing reporting requirements in the United States pursuant to the CTA does not, however, mean that a foreign group’s beneficial ownership information will remain undisclosed worldwide. The CTA’s latest narrowing runs counter to a broader international trend toward greater transparency and verification of beneficial ownership.

That trend is reflected in the work of the Financial Action Task Force (“FATF”), an independent intergovernmental body established by the G7 that sets global standards for combating money laundering and terrorist financing. FATF calls on jurisdictions to ensure competent authorities can obtain or access adequate, accurate, and up-to-date information concerning the beneficial ownership and control of companies and other legal entities, and jurisdictions around the world have adopted or strengthened legal frameworks to implement these standards. For example, in the United Kingdom, directors and persons with significant control of UK companies must now verify their identities with UK Companies House under the Economic Crime and Corporate Transparency Act 2023 (see our [previous update](#)). In addition, non-UK entities that own or acquire qualifying land or property in the UK are required to register and disclose their beneficial owners on the Register of Overseas Entities. China has likewise adopted a beneficial ownership information filing regime under the Administrative Measures on Beneficial Owner Information, effective November 1, 2024, under which covered entities must report beneficial ownership information to the relevant Chinese authorities.

Looking Ahead: U.S. Structuring and CTA Compliance

The Final Rule significantly narrows the scope of the CTA’s BOI reporting requirements, but it does not eliminate the need for foreign entities to carefully assess their U.S. operations and organizational structures. Dorsey can assist foreign entities in evaluating whether their U.S. activities may subject them to the CTA’s BOI reporting requirements, including by analyzing U.S. entity structures, state registration requirements, and available CTA exemptions.

We will continue to monitor developments relating to the CTA and provide further updates as appropriate.