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B-337315

April 10, 2025

The Honorable Tim Scott
Chairman
The Honorable Elizabeth Warren
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable French Hill
Chairman
The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Department of the Treasury, Financial Crimes Enforcement Network: Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of the Treasury, Financial Crimes Enforcement Network (FinCEN) entitled “Beneficial Ownership Information Reporting Requirement Revision and Deadline Extension” (RIN: 1506-AB49). We received the rule on March 24, 2025. It was published in the *Federal Register* on March 26, 2025. 90 Fed. Reg. 13688. The effective date of the rule is March 26, 2025.

According to FinCEN, the rule narrows the existing beneficial ownership information (BOI) reporting requirements under the Corporate Transparency Act to require only entities previously defined as “foreign reporting companies” to report BOI. FinCEN also stated that under the rule, entities previously defined as “domestic reporting companies” are exempted from the reporting requirements and do not have to report BOI to FinCEN or update or correct BOI previously reported to FinCEN.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). The 60-day delay in effective date does not apply, however, if the agency finds for good cause that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest, and the agency incorporates the finding and a brief statement of its reasons in the rule. 5 U.S.C. §§ 553(b)(B), 808(2).

FinCEN invoked the good cause exceptions in CRA and the Administrative Procedure Act with respect to the rule. 90 Fed. Reg. at 13693, 13696. FinCEN explained that in response to ongoing litigation, reporting companies and their beneficial owners faced a March 21, 2025, deadline to comply with BOI reporting requirements, and soliciting public comment before

providing the exemptions would have been impractical. *Id.* at 13693. FinCEN further stated that prior notice and public comment were unnecessary because the rule does not impose new burdens, but rather exempts domestic reporting companies and U.S. persons who are beneficial owners of foreign reporting companies from reporting requirements. *Id.* According to FinCEN, moreover, because delaying the rule's effective date would be impractical and unnecessary, it had good cause to make the rule effective immediately upon *Federal Register* publication. *Id.*

Enclosed is our assessment of FinCEN's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Charlie McKiver, Assistant General Counsel, at (202) 512-5992.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive, flowing style.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Andrea M. Gacki
Director
Financial Crimes Enforcement Network

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF THE TREASURY,
FINANCIAL CRIMES ENFORCEMENT NETWORK
ENTITLED
“BENEFICIAL OWNERSHIP INFORMATION
REPORTING REQUIREMENT REVISION AND DEADLINE EXTENSION”
(RIN: 1506-AB49)

(i) Cost-benefit analysis

The Department of the Treasury, Financial Crimes Enforcement Network (FinCEN), prepared an analysis of the costs and benefits for this rule. See 90 Fed. Reg. 13693–13694 (Mar. 26, 2025). FinCEN stated that the rule excludes domestic companies from the scope of the term “reporting company,” per a determination by the Secretary of the Treasury. *Id.* at 13690. FinCEN acknowledged that while more intelligence might have been collected, it is unclear that the marginal benefits of the beneficial ownership information (BOI) that will no longer be reported would be comparable to the value of similar entities still subject to the reporting requirements. *Id.* at 13694. FinCEN further stated it expects the primary value of the rule’s scope modification to be realized in reduced costs. *Id.* FinCEN estimated a maximum cost reduction of approximately \$13.6 billion associated with first year activities of coming into reporting compliance, and that going forward costs associated with the rule would be approximately \$9 billion lower per year on average. *Id.*

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

FinCEN stated that, among other things, the Act is inapplicable because this rule was published as an interim final rule and a notice of proposed rulemaking did not precede it. 90 Fed. Reg. at 13694.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

FinCEN determined that this rule will not result in increased expenditures by state, local, and tribal governments or by the private sector of \$184 million or more in any one year. 90 Fed. Reg. at 13694–13695.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

FinCEN stated that to the extent that prior notice and solicitation of public comment would otherwise be required, the need to expeditiously exempt domestic reporting companies and U.S. persons who are beneficial owners of foreign reporting companies before a March 21, 2025, compliance deadline satisfied the “good cause” exception in section 553(b)(3)(B) of the Act. 90 Fed. Reg. at 13693. FinCEN also stated that prior notice and public comment were unnecessary because this rule did not impose any new burdens, and proceeding through an

interim rule would most appropriately address public confusion about reporting deadlines. *Id.* Additionally, FinCEN concluded that it could make the rule effective immediately under section 553(d)(1) of the Act because the rule does not impose any new obligations, makes certain exemptions, and relaxes deadlines for reporting obligations for foreign reporting companies. *Id.* FinCEN also found good cause for making the rule effective immediately upon publication in the *Federal Register* under section 553(d)(3) because delaying the rule's effective date would be impractical and unnecessary. *Id.*

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

In its submission to us, FinCEN indicated that this rule contains information collection requirements under the Act. FinCEN stated that the Office of Management and Budget (OMB) approved the reporting requirements in a prior final rule, 87 Fed. Reg. 59498 (Sept. 30, 2022), under OMB Control Number 1506-0076. 90 Fed. Reg. at 13695. FinCEN stated it has revised estimates for those reporting requirements based on the rule's changes. *Id.*; *see id.* at 13695–13696.

Statutory authorization for the rule

FinCEN promulgated this rule pursuant to sections 1829b and 1951–1959 of title 12, and sections 5311–5314 and 5316–5336 of title 31, United States Code; title III, section 314 of Public Law 107-56; section 2006 of Public Law 114-41; section 701 of Public Law 114-74; and section 6403 of Public Law 116-283. *See* 90 Fed. Reg. at 13697.

Executive Order No. 12866 (Regulatory Planning and Review)

FinCEN stated that this rule has been determined to be an economically significant regulatory action under the Order and OMB reviewed it. *See* 90 Fed. Reg. at 13693.

Executive Order No. 13132 (Federalism)

This rule does not discuss the Order. In its submission to us, FinCEN indicated it did not discuss the Order in the preamble to the rule.