



Insights: Alert

Corporate Transparency Act Nationwide Injunction Restored

December 27, 2024

Written by **Louis Barbieri, III** and **David M. Eaton**

REPORTING COMPANIES NEED NOT COMPLY WITH CTA DEADLINES WHILE INJUNCTION IS IN EFFECT

We [recently reported](#) that on December 23, 2024 a motions panel of the United States Court of Appeals for the Fifth Circuit stayed the nationwide preliminary injunction against enforcement of the federal Corporate Transparency Act (CTA) previously issued by the U.S. District Court for the Eastern District of Texas in a case challenging the constitutionality of the CTA.¹ On that same day, FinCEN announced that it was extending several beneficial ownership reporting deadlines, including extending the initial reporting deadline for companies formed prior to 2024 from January 1, 2025 to Monday, January 13, 2025.

On December 26, 2024 however, the merits panel of the Fifth Circuit that will hear and adjudicate the government's appeal of the district court injunction vacated the motion panel's stay of the preliminary injunction. As a result of that order, **the nationwide injunction against enforcement of the CTA is back in effect**. No company need comply with the CTA while the injunction is in effect, including the current beneficial ownership reporting deadline for companies formed prior to 2024. FinCEN acknowledged the suspension in an alert it posted to its website on December 27.

A preliminary injunction is not a final disposition of the case. While oral argument in the Fifth Circuit proceeding is currently scheduled for March 25, 2025, the government could appeal the stay denial earlier, which could potentially result in the CTA going back into effect.

What Should Companies Do Now?

Our advice for the near term remains that reporting companies should prepare to file their beneficial ownership reports but hold off on actually filing pending developments in both the judicial and legislative arenas.

CTA Background

As we have [previously reported](#), the CTA requires most privately held companies organized in the U.S. (including many non-wholly owned or controlled subsidiaries of public companies) and foreign companies that register to do business in a U.S. state to file an online report with the Treasury Department's Financial Crimes Enforcement Network (FinCEN). Among other things, the report must identify any individual who, directly or indirectly, exercises "substantial control" over the company or owns or controls 25% or more of the company.

These individuals are called “beneficial owners”. Our guidance on how to prepare to file beneficial ownership reports is [here](#).

* * * *

Please do not hesitate to reach out to any of our principal CTA contacts below, or to your primary Kilpatrick contact for help or further information.

Footnotes

¹ The case is Texas Top Cop Shop, Inc. v. Garland, Civil Action 4:24-CV-478 in the District Court and 24-40792 in the Fifth Circuit.

Related People



Louis Barbieri, III

t 404.815.6079

lbarbieri@ktslaw.com



David M. Eaton

t 415.273.4324

deaton@ktslaw.com