



Insights: Alerts

Corporate Transparency Act Still Enjoined Despite Recent Supreme Court Ruling

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We [previously reported](#) that on December 26, 2024, a panel of the United States Court of Appeals for the Fifth Circuit restored 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 originally styled *Texas Top Cop Shop, Inc. v. Garland* (a motions panel of the same court had stayed the injunction a few days earlier).¹ As a result of the Fifth's Circuit's order, the CTA was suspended and companies did not need to comply with its beneficial ownership reporting requirements.

The government subsequently applied to the Supreme Court to stay the injunction, and on January 23, 2025, the Supreme Court granted the government's application—meaning the injunction in *Texas Top Cop Shop* is no longer in effect.

However, as FinCEN has confirmed on its website, due to another nationwide injunction entered on January 7, 2025, in a different lawsuit challenging the CTA—*Smith v. U.S. Department of the Treasury*²—enforcement of the CTA remains enjoined, and companies still need not comply with the reporting requirements of the law.

It remains to be seen if the government will apply for a stay of the Smith injunction. We also note that legislation has been proposed in Congress that would repeal the CTA.

What Should Companies Do Now?

Our advice for the near term is that reporting companies should hold off on filing CTA beneficial ownership reports pending future developments from the judicial, legislative or executive branches.

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](#).

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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 Civil Action 4:24-CV-478 in the District Court; 24-40792 in the Fifth Circuit; and 24A653 in the Supreme Court.

² Case No. 6:24cv336, also in the Eastern District of Texas.

Related People



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