

Larry's Tax Law

Oh Geez! The Corporate Transparency Act's Turbulent Rollercoaster Ride Continues

By Larry Brant on 2.19.25 | Posted in Federal Law, Legislation, Tax Laws

I was hoping that I could report to my readers that the turbulent and lengthy ride of the Corporate Transparency Act ("CTA") was, one way or another, finally over! Unfortunately, I am unable to deliver that news today. Instead, I am briefly reporting on the most recent development in the crazy saga.

From previous reporting, you may recall that, on January 23, 2025, the U.S. Supreme Court, in *Texas Top Cop Shop, Inc. et al v. Merrick Garland, Attorney General of the United States et al.*, [lifted the Fifth Circuit's injunction](#), that was preventing the government from enforcing the CTA. However, as also reported, the SCOTUS decision had no practical impact on the government's ability to enforce the CTA because another court (the Eastern District of Texas) in a different case (*Smith et. al. v. U.S. Department of Treasury et. al.*) had issued (on January 7, 2025) a nationwide injunction against the government's enforcement of the CTA. Accordingly, that court's injunction, despite the high court's decision in *Texas Top Cop Shot, Inc.*, remained in place.

Fast forward a few weeks. On February 5, 2025, the U.S. Department of Justice filed a notice of appeal of the Eastern District of Texas court's order in the *Smith* case and asked the appeals court to lift the injunction during the pendency of its appeal. Yesterday, February 18, 2025, the court granted the government's request, lifting the injunction pending the appeal.

In plain English, yesterday's court decision means the CTA is back in play. Accordingly, FinCEN can once again commence enforcing the mandatory reporting requirements under the CTA. The CTA beneficial reporting requirements are once again back in effect. The Abbott and Costello "Who's On First" comedy continues!

FinCEN reported today on its website that:

"...because the Department of the Treasury (Treasury) recognizes that reporting companies may need additional time to comply with their BOI reporting obligations, FinCEN is generally extending the deadline 30 calendar days from February 19, 2025, for most companies. Notably, in keeping with Treasury's commitment to reducing regulatory burden on businesses, during this 30-day period FinCEN will assess its options to further modify

deadlines, while prioritizing reporting for those entities that pose the most significant national security risks. FinCEN also intends to initiate a process this year to revise the BOI reporting rule to reduce burden for lower-risk entities, including many U.S. small businesses.”

This recent development means, according to FinCEN, that, with limited exception^[1], reporting companies have until March 21, 2025 (30 days after February 19, 2025) to comply with the CTA. Unless SCOTUS decides that the CTA is unconstitutional, it may be here to stay. All reporting companies need to carefully examine their reporting obligations and make sure, if they have a reporting obligation, that they satisfy it in a timely fashion. As I have repeatedly reported, the penalties for noncompliance are significant.

I will continue to report on any new developments relative to the CTA.

^[1] One exception applies to the plaintiffs in *National Small Business United v. Yellen* (N.D. Ala.). In essence, as a result of the Alabama court's order, the members of the National Small Business Association, existing as of March 1, 2024, are not required to report. That, of course, may change if the SCOTUS ultimately decides the CTA is constitutional.

Tags: Corporate Transparency Act (CTA), Fifth Circuit, Reporting Companies, U.S. Supreme Court