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Latest Developments Related to Corporate Transparency Act: Imminent Potential for Stay of Nationwide Injunction

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What You Need to Know

- On December 13, 2024, the **U.S. Department of Justice (DOJ) filed an emergency motion** with the U.S. Court of Appeals for the Fifth Circuit requesting that the nationwide preliminary injunction enjoining enforcement of the Corporate Transparency Act (CTA) be stayed – or put aside – while the federal appeals court considers the DOJ’s December 5, 2024, appeal of the nationwide injunction.
- The Fifth Circuit has **accelerated the briefing schedule** for its decision on the motion for stay and could make a decision regarding the motion as early as December 19.
- Next steps for CTA reporting entities will depend on the outcome and timing of the Fifth Circuit’s decision regarding the motion. It should be noted that **if the injunction is stayed**, the DOJ has requested that any reporting entity that has not yet reported be required to do so **by the original deadline of January 1, 2025**.

As previously reported, on December 5, 2024, the U.S. Department of Justice (DOJ), on behalf of the Department of Treasury, appealed a federal court preliminary injunction enjoining enforcement of the Corporate Transparency Act (CTA) nationwide to the U.S. Court of Appeals for the Fifth Circuit.

On December 13, 2024, **the DOJ filed an emergency motion with the Fifth Circuit** requesting that the injunction be *stayed*, or put aside, while the Fifth Circuit considers the DOJ’s appeal.

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The Fifth Circuit has *accelerated* the briefing schedule for its decision on the motion for stay. This means that the opposition to the motion for stay shall be due at an earlier date than previously ordered by the District Court judge, and the Fifth Circuit could make a decision regarding the motion for stay **as early as December 19**.

In its imminent decision, the Fifth Circuit may do one of three things:

- (i) grant the motion to stay the entire injunction nationwide and for all plaintiffs;
- (ii) partially grant the motion by only staying the nationwide application of the injunction; or
- (iii) deny the motion for stay entirely, in which case the injunction would remain in effect pending the outcome of the DOJ's December 5 appeal.

What This Means

If the injunction is stayed, **the DOJ has requested that any reporting entity that has not yet reported be required to do so by the *original deadline* of January 1, 2025**. Depending on the outcome and how soon the Fifth Circuit issues its order, **reporting entities may have fewer than two weeks to complete their reporting**.

As we previously advised, business entities that have not yet complied with the CTA should nonetheless determine whether their company, corporation, or other entity is a "reporting entity" as defined in the CTA and determine their beneficial owners for reporting purposes. While it is possible that a reporting extension will be ordered, if the injunction is stayed and the DOJ's requests all granted, the timeframe in which to report may be very short. Having information prepared will expedite reporting.

Please note, reporting entities may also choose to report notwithstanding the current injunction, in which case the outcome of the motion for stay will not affect those reporting entities which have already voluntarily reported.

We will provide information on additional developments regarding the injunction and the DOJ's motion for stay as they unfold. Please contact the author of this Alert with any questions regarding the Corporate Transparency Act and the impact of the present litigation events on your entity's reporting obligations.

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