

Nationwide Injunction Back in Place for the Corporate Transparency Act

Corporate News: A Legal Update

By Karen Tobin on December 27, 2024

On December 26, 2024, the United States Court of Appeals for the Fifth Circuit vacated a December 23 order by a Fifth Circuit motions panel that granted the U.S. government's motion to stay a preliminary injunction issued on December 3 by the District Court of the Eastern District of Texas, which enjoined enforcement of the Corporate Transparency Act (the CTA) and its requirement that companies file their beneficial ownership information (BOI) reports. As a result, the injunction is not stayed, at least for now, so enforcement of the CTA and its requirement to file BOI reports is currently enjoined.

The merit panel now has the appeal on an expedited basis. The appellate court determined that in order to preserve the constitutional status quo while the merit panel considers the substantive issues involved, the portion of the order that granted the government's motion to stay the nationwide injunction was vacated. Therefore, as of today, there are no deadlines currently in place for reporting under the CTA for reporting companies.

In light of this new development, reporting companies may elect to pause reporting to FinCEN. However, we recommend that clients not abandon preparations for compliance with the CTA. Instead, they should ensure they are in a position to promptly complete the required filings for when a deadline is finalized.

Stay tuned!