

Legal Commentary

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CTA Update: BOI Reporting Requirements Reinstated

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On December 23, 2024, the US Court of Appeals for the Fifth Circuit issued an order in **Texas Top Cop Shop Inc. v. Garland**, granting the government's emergency motion for a stay pending appeal of the preliminary injunction that had paused enforcement of the Corporate Transparency Act (**CTA**). This order effectively reinstates the CTA's requirements, including the Beneficial Ownership Information (**BOI**) reporting requirements for many US entities.

Key highlights

- **Background:** December 3, 2024, the US District Court for the Eastern District of Texas issued a nationwide preliminary injunction, citing constitutional concerns, temporarily halting the enforcement of the CTA and its implementing regulations.
- **Fifth Circuit's rationale:** The appellate court found that the government made a compelling case for the constitutionality of the CTA under the Commerce Clause. It underscored the national interest in combating financial crimes and noted the minimal burden on businesses to comply with reporting requirements.
- **Stay granted:** With the preliminary injunction lifted, the BOI reporting obligations under the CTA are back in force, pending the resolution of the government's appeal.

New reporting deadlines announced by FinCEN

Recognizing the delay caused by the preliminary injunction, the Department of the Treasury's Financial Crimes Enforcement Network (**FinCEN**) has adjusted filing deadlines as follows:

- **Reporting companies formed or registered before January 1, 2024:** New deadline to file BOI reports is **January 13, 2025** (previously January 1, 2025).
- **Reporting companies created or registered on or after September 4, for which the initial filing deadline had been between December 3 and 23, 2024:** the new deadline to file the BOI report is **January 13, 2025**.

- **Reporting companies created or registered from December 3 to 23, 2024:** An additional 21 days from their initial deadline is granted.
- **No changes for reporting companies formed or registered on or after January 1, 2025:** These entities must file their BOI reports within 30 days of creation or registration.

Next Steps

- **Compliance:** Impacted reporting companies should resume gathering beneficial ownership data and ensure readiness for the revised deadlines.
- **Ongoing appeal:** The government's appeal will proceed expeditiously, with oral arguments expected early in 2025.
- **Monitoring updates:** Companies should stay informed as further legal developments may affect compliance obligations.

This holiday season, while many businesses enjoy a brief respite, the CTA compliance clock resumes ticking. We encourage all impacted entities to use this extension and prepare to meet their obligations under the CTA.

Important Announcement

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