

# BUSINESS AND TRANSACTIONS

## INFORMATION MEMO

DECEMBER 27, 2024

# CORPORATE TRANSPARENCY ACT ON PAUSE AGAIN

After a panel of the United States Court of Appeals for the Fifth Circuit reinstated the Corporate Transparency Act (the CTA) filing requirements on Dec. 23, 2024, the issue was presented to a different panel of the same court, which has now put the CTA back on pause. For the time being, **reporting companies are not required to file Beneficial Ownership Information (BOI) reports with the Financial Crimes Enforcement Network (FinCEN)** and are not subject to liability for failing to file or update their reports.

The roll out of the CTA was on course for the majority of 2024 as it survived numerous court challenges, newly-formed entities were required to file BOI reports, and entities formed before Jan. 1, 2024 prepared for the Jan. 1, 2025 reporting deadline. This changed on Dec. 3, 2024, when the United States District Court for the Eastern District of Texas issued a preliminary injunction, stating in its opinion that the CTA was *likely* unconstitutional and suspending enforcement of the CTA pending a decision on the merits of the plaintiffs' claims. On Dec. 23, 2024, that injunction was stayed and FinCEN extended the deadlines to file the BOI reports to Jan. 13, 2025. Now, the Fifth Circuit has vacated that part of the order staying the preliminary injunction, putting the CTA reporting requirements on hold once again. Similar to the original injunction, the Dec. 26, 2024 order did not determine the constitutionality of the CTA but required that enforcement of the CTA be suspended until the merits can be considered.

The CTA requires many entities to file BOI reports, and updates thereto, with FinCEN. For some entities, these reports are relatively simple and straightforward. However, many require complex analyses and the collection of personal information from numerous owners, directors, officers, etc. As seen with this week's back-and-forth decisions, the future of the CTA is unclear and changing. We advise that reporting entities familiarize themselves with the reporting requirements, so they are prepared in the event filing is required.

Attorneys at Bond are following these developments closely and are prepared to answer questions, analyze reporting requirements, and, if necessary, work with entities to file BOI reports. We encourage you to contact an attorney in Bond's [business and transactions practice](#) or the Bond attorney with whom you are regularly in contact to determine how this ruling impacts your business.

