

Update Memo: Corporate Transparency Act

Date: December 9, 2024

TO: Clients & Friends

FROM: Choate, Hall & Stewart LLP

RE: Court Issues Nationwide Injunction Against the CTA, and DOJ Appeals

On Tuesday, December 3, 2024, a U.S. District Court in Texas issued a nationwide order enjoining enforcement of the Corporate Transparency Act (“CTA”) and setting aside the filing deadline.

Companies are not required to make CTA filings, for now. The Court’s order states:

[T]he CTA ... is hereby enjoined. Enforcement of the Reporting Rule ... is also hereby enjoined, and the compliance deadline is stayed.... Neither may be enforced, and reporting companies need not comply with the CTA’s January 1, 2025, BOI reporting deadline pending further order of the Court.

On Friday, December 5, FinCEN posted a statement recognizing this injunction, but disagreeing with the Texas Court. FinCEN said:

In light of a recent federal court order, reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force.

Companies could be required to resume CTA filings, however, if the injunction order is successfully appealed. On Friday, December 6, the U.S. Department of Justice (“DOJ”) appealed to the Fifth Circuit Court of Appeals. If DOJ were to win a stay on appeal, the January 1 deadline might come back into place on short notice. Therefore, companies should continue to watch for news. It may take some time before we see a definitive response from Congress or from the U.S. Supreme Court.

Please reach out to your regular contact at Choate if you have questions.