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Corporate Transparency Act Reporting Requirements Halted Again – For Now

December 27, 2024

On December 26, 2024, the US Court of Appeals for the Fifth Circuit issued an order in *Texas Top Cop Shop, Inc. et al. v. Garland et al.*, that effectively pauses beneficial ownership information (BOI) reporting requirements established by the Corporate Transparency Act (CTA).

To recap earlier developments in this case:

- On December 3, 2024, the US District Court for the Eastern District of Texas issued a nationwide preliminary injunction against enforcement of the CTA's reporting requirements.
- On December 23, 2024, a panel of the Fifth Circuit issued a stay pending appeal of that preliminary injunction, putting the BOI reporting requirements back in effect.
- Following the December 23 court order, the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) extended certain BOI reporting deadlines, as described in more detail in this December 24 Cooley alert.

The latest order from the Fifth Circuit vacates the stay that was issued on December 23, such that the BOI reporting requirements are again paused.

While the CTA's reporting requirements are not currently in effect, the *Texas Top Cop Shop* litigation is ongoing. The government could seek further emergency relief from the Fifth Circuit or the US Supreme Court, which could result in resumption of the reporting requirements.

Given this uncertainty and the unpredictable path this litigation has taken to date, companies would be prudent to assess whether they are covered by these reporting requirements, and, if required, be prepared to file BOI reports with FinCEN. But for the injunction, the deadline for many companies to submit initial BOI reports would be January 13, 2025, and while FinCEN extended reporting deadlines following the December 23 decision as described above, it is not known whether FinCEN would do so again if the reporting requirements are again reinstated.

More information regarding the CTA – including what companies need to report and how to identify beneficial owners – is covered in this Cooley GO article.

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