

## Corporate Transparency Act Reporting Obligations Effective Again With March 21, 2025, Deadline for Most Reporting Companies

Update

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On February 17, 2025, the US District Court for the Eastern District of Texas (EDTX) in *Smith, et. al. v. US Department of the Treasury, et. al.*, entered an order staying the nationwide injunction on enforcement of the Corporate Transparency Act (CTA). With this ruling, the beneficial ownership information (BOI) reporting requirements promulgated under the CTA are back in effect.

In light of this court action, the Financial Crimes Enforcement Network (FinCEN) announced that, for most reporting companies, the new deadline to file an initial, updated, and/or corrected BOI report is now March 21, 2025. In its announcement, FinCEN noted that this new filing deadline may be subject to further modification, however, for now, existing reporting companies should begin preparations to file their required BOI reports by March 21, 2025.

### Planning for Compliance

FinCEN's new deadline of March 21, 2025 applies to all non-exempt reporting companies formed on or before February 19, 2025. Going forward, non-exempt reporting companies formed after February 19, 2025 will have 30 days from their formation to file their BOI reports.

Reporting companies should continue to closely follow developments related to the CTA. Specifically, note that Congress is considering a bill to extend the reporting deadline to January 1, 2026, but only for reporting companies in existence before January 1, 2024. Furthermore, in its announcement, FinCEN gave itself leeway to "assess its options to further modify deadlines."

### Recent Events in CTA Litigation

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The EDTX's February 17 order was based on the US Supreme Court's order in *McHenry v. Texas Top Cop Shop, Inc.* issued January 23, 2025, which stayed a similar nationwide injunction issued in a different proceeding pending in the EDTX.

Below is a recap of CTA litigation developments leading up to this February 17 order:

- On December 3, 2024, in *Texas Top Cop Shop, Inc., et al. v. Garland, et al.*, a judge in the EDTX issued a nationwide preliminary injunction halting enforcement of the CTA and its implementing regulations.
- On December 23, 2024, a motions panel of the US Court of Appeals for the Fifth Circuit granted an emergency motion for a temporary stay of that preliminary injunction, effectively reinstating the original filing deadlines for reporting companies under the CTA.
- On December 26, 2024, a merits panel of the Fifth Circuit vacated the motions-panel stay that was issued on December 23, resulting in another pause on the CTA's BOI reporting requirements.
- On January 7, 2025, a different judge in the EDTX issued an order in the *Smith v. U.S. Department of the Treasury* case, imposing a separate nationwide injunction on CTA's enforcement.
- Following the Fifth Circuit's December 26 order pausing the CTA's BOI reporting requirements, the US Department of Justice (DOJ) filed with the Supreme Court seeking a stay of the nationwide injunction against the enforcement of the CTA issued in the *Texas Top Cop Shop* case, which the Supreme Court granted on January 23, 2025. However, the Supreme Court did not address the separate nationwide injunction that was issued in *Smith*, which meant that, until now, the enforcement of the CTA remained on hold.
- On February 5, 2025, the US Department of Justice (DOJ) (on behalf of the US Treasury Department) appealed the EDTX's January 7 order in the *Smith*, and concurrently filed a motion to stay the injunction pending the outcome of the appeal to the Fifth Circuit in light of the stay ordered by the Supreme Court on January 23, 2025.
- As noted above, on February 17, 2025, the EDTX in *Smith* stayed its own January 7, 2025 order, pending appeal. Given this decision, FinCEN's regulations implementing the BOI reporting requirements of the CTA are no longer stayed.

The Bracewell CTA Task Force will continue to monitor and report on challenges to the enforceability of the CTA.