

December 30, 2024

THIRD UPDATE

APPEALS COURT REVERSES ITS PRIOR ORDER REINSTATING THE REPORTING REQUIREMENT UNDER THE CORPORATE TRANSPARENCY ACT

On December 26, 2024, the U.S. Court of Appeals for the Fifth Circuit overturned its decision of December 23rd that lifted a preliminary injunction issued by a district court in Texas temporarily blocking the federal government's enforcement of the Corporate Transparency Act (CTA).

Reporting companies are currently not required to file a Beneficial Ownership Information Report (BOIR) with FinCEN as a result of the Fifth Circuit's latest ruling.

FinCEN issued an Alert on December 27th confirming that **reporting companies are not subject to liability if they fail to file a BOIR while the injunction remains in effect.** FinCEN will accept voluntary BOIR submissions at this time.

The Fifth Circuit will consider oral arguments on the merits of the injunction to block the federal government's enforcement of the CTA on an expedited basis.

We will continue to monitor developments in the litigation regarding the CTA. In the meantime, we recommend that reporting companies that have not yet filed a BOIR consider gathering the necessary information and deferring the filing, pending further guidance from FinCEN and the courts.

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