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Client Alert

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News & Announcements

Corporate Transparency Act – *The Ping Pong Game Continues*

The Corporate Transparency Act (CTA) is back in effect as of February 17, 2025, following a series of court rulings that have reinstated its enforcement. Initially, a nationwide injunction blocking the CTA was issued in *Texas Top Cop Shop, Inc. v. Garland*, but the U.S. Supreme Court lifted that injunction on January 23, 2025. Meanwhile, in *Smith v. U.S. Department of the Treasury* (Case No. 6:24-cv-336-JDK), another judge from the U.S. District Court for the Eastern District of Texas issued a second injunction on January 7, 2025, pausing CTA enforcement. However, on February 17, 2025, the court stayed that second injunction, bringing the CTA's beneficial ownership reporting requirements back into force. Businesses that meet the reporting criteria must now comply with FinCEN regulations.

In response, FinCEN has officially extended the reporting deadline, i.e., the new filing deadline for most businesses is now March 21, 2025. FinCEN has also stated that it will assess options to modify deadlines further and plans to initiate a rule revision process later this year to reduce the burden on lower-risk entities, including small businesses. Companies with later reporting deadlines due to disaster relief or other extensions should follow their original deadlines. Despite ongoing legal challenges, and additional appeals pending in multiple circuits, reporting companies should begin compliance with FinCEN regulations.

The CTA's story is far from over and we will continue to track developments and provide further guidance as more details become available. Please reach out if you have any questions or need assistance with compliance preparations.

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