

December 6, 2024

UPDATE

COURT'S INJUNCTION SUSPENDS REPORTING REQUIREMENT UNDER THE CORPORATE TRANSPARENCY ACT

On December 3, 2024, a federal district court in Texas issued a preliminary injunction that **temporarily blocks** the federal government from enforcing the Corporate Transparency Act (CTA) and places the January 1, 2025 compliance deadline under FinCEN's regulations on hold.

If you have already filed a Beneficial Ownership Information Report (BOIR) with FinCEN or have determined that you are not subject to the CTA, no action is required.

We recommend that clients who have not yet filed a BOIR with FinCEN consider the following implications of the Texas court's ruling:

- The Texas court's ruling applies nationwide and covers all entities subject to the CTA that may now elect not to file a BOIR, unlike a ruling by the U.S. District Court for the Northern District of Alabama earlier this year with limited applicability.
- However, if the federal government appeals the Texas court's ruling, the appellate court may reverse the ruling and reinstate the reporting obligation. We are not certain when the appellate court would decide an appeal and whether a ruling lifting the temporary injunction would also extend the deadline to file a BOIR.

We suggest that you consider where you are in the process to determine whether to file a BOIR before January 1, 2025 or to defer the filing, taking into consideration the time and expense required to comply with the CTA and the disclosure of personal information in the filing.

We are available to discuss with you the potential compliance issues raised by the Texas court's ruling.

Contacting Pavia & Harcourt LLP

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