



Alerts

Yet Another Twist: Fifth Circuit Reinstates Nationwide Freeze on Enforcement of Corporate Transparency Act Filing Deadlines - What You Need to Know

December 27, 2024

Hinshaw Alert

Seventy-two hours after a motions panel of the U.S. Court of Appeals for the Fifth Circuit [stayed the effect of a nationwide preliminary injunction](#) imposed by a Texas federal district court blocking the reporting deadline for filing Beneficial Ownership Information (BOI), a merits panel of that Circuit vacated the stay order.

Citing a need to “preserve the constitutional status quo while the merits panel considers the parties’ weighty substantive arguments,” the Fifth Circuit issued an order on December 26, 2024, vacating the court’s December 23, 2024, order that granted the Government’s motion to stay the district court’s preliminary injunction enjoining enforcement of the Corporate Transparency Act (CTA).

In response to the above, FinCEN recently posted the following notification to its BOI reporting portal (with additional information available at <https://fincen.gov/boi>):

In light of a recent federal court order, reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports.

How Should Company Compliance Officers Respond?

In effect, the most recent ruling puts companies subject to the CTA right back to where they were prior to the Fifth Circuit’s December 23, 2024, stay order. As a result, the analysis we shared in our [December 9, 2024, alert](#) reporting on the district court’s injunction remains instructive for compliance officers. In sum:

- FinCEN’s original acknowledgment that enforcement of the CTA (and its reporting obligations) has been put on an indefinite hold as a result of the Texas federal district court’s injunction is likely the status quo again.
- However, there is a significant likelihood that the injunction will be overturned or otherwise modified on the merits.

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- If the injunction is overturned or modified, there is no way of knowing how much additional time (if any) FinCEN would provide for companies to satisfy their reporting obligations.
- As a result, those subject to the CTA reporting requirements should monitor FinCEN's appeal of this case closely and be prepared to make their required filings quickly should the injunction be overturned or otherwise modified.
- In the alternative, they can file their CTA reports voluntarily by the latest FinCEN January 13, 2025, or other applicable deadline.

Conclusion

We will continue to monitor this and other cases adjudicating the constitutionality of the CTA closely. Please contact us if you have any questions.