



Alerts

URGENT UPDATE: Corporate Transparency Act Reporting Requirements Back in Effect - What You Need To Know

February 20, 2025

Hinshaw Alert

As discussed in our previous [update](#), last month the Supreme Court of the United States (SCOTUS) stayed (i.e., suspended the effect of) the nationwide preliminary injunction against enforcement of the Corporate Transparency Act (*the "CTA"*) initially imposed by a Texas federal district in the case of *Texas Top Cop Shop, Inc. et al. v. Garland* (No. 4:2024cv00478 - Document 30 (E.D. Tex. 12/3/2024); *the "Top Cop Case"*).

However, at the time of that decision, a second nationwide injunction, imposed in the case of *Samantha Smith and Robert Means v. U.S. Department of Treasury* (No. 6:24-CV-336 (E.D. Tex., 1/7/2025); *the "Smith Case"*), remained in effect blocking the reinstatement of the CTA and its reporting obligations.

On February 17, 2025, the [U.S. District Court for the Eastern District of Texas](#) [stayed the nationwide injunction imposed in the Smith Case](#). As a result of that decision, the CTA and its reporting obligations are once again back in effect. Given the far-reaching nature of the CTA, this decision could have significant implications for many businesses across the United States.

What Does This Mean for Your Business?

If your business falls under the definition of a "reporting company" under the CTA, you are once again required to comply with all applicable CTA reporting obligations, including submitting all applicable initial/updated beneficial ownership information reports (*each a "BOI Report"*) before the applicable deadline.

That being said, in response to the above decision, FinCEN released an [update](#) today (*the "FinCEN Update"*), which, among other things, states that they are extending the reporting deadline to "*file an initial, updated, and/or corrected*" BOI Report until **March 21, 2025**. The FinCEN Update also noted that:

"FinCEN will provide an update before then of any further modification of this deadline, recognizing that reporting companies may need additional time to comply with their BOI reporting obligations once this update is provided."

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For a refresher on the reporting requirements of the CTA, and what information is required in connection with submitting a BOI Report, please see our prior [post](#). **In any case, please be aware that the CTA provides significant penalties for noncompliance (a fine of \$591 per day and up to two years in prison).** As a result, companies that are subject to the CTA need to monitor the applicable deadlines closely and file the required BOI Reports in a timely manner.

The Battle Isn't Over

For clarity, the above decision only temporarily stays the nationwide injunction created by the *Smith Case*, pending the conclusion of FinCEN's current appeal of the court's decision in that case. That appeal was only recently filed on February 5, 2025, and is currently sitting with the U.S. Court of Appeals for the Fifth Circuit.

As far as where the new Administration stands on the CTA, per the briefs filed by the government in the Top Cop Case (*and in Community Associations Institute et al. v. Yellen* (1:24-cv-01597 (E.D. Va.))) it would appear that the Trump Administration is currently defending the constitutionality of the CTA.

However, the Administration has also stated in those briefs an intent to assess whether it is appropriate to modify some of the CTA's reporting requirements to alleviate the burden on low-risk entities. This sentiment was reiterated in the FinCEN Update.

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

Please note that the update qualifies that if a reporting company currently qualifies for a deadline later than March 21, 2025, the later deadline will apply.

It should be noted that the power of FinCEN to enforce these penalties may have been put into question in light of the recent decision in [Boyle v. Bessent](#) (No. 2:24-cv-00081-SDN (D. Me., 2/14/25)) which upheld the constitutionality of the CTA but invalidated the power of FinCEN to levy the stated penalties.