

The Confusion Continues: Court Reverses Course and Halts CTA Reporting

12/27/24

As you may recall, on December 3, 2024, the District Court of the Eastern District of Texas issued a nationwide preliminary injunction halting enforcement of the Corporate Transparency Act (CTA) and its corresponding reporting rule. On December 23, 2024, the United States Court of Appeals for the Fifth Circuit issued a stay of the injunction thereby requiring reporting entities to comply with the CTA and the reporting rule.

In a whirlwind of events, the Court of Appeals for the Fifth Circuit reversed course and lifted their stay of the preliminary injunction, stating their decision was to “preserve the constitutional status quo while the merits panel considers the parties’ weighty substantive arguments.” In other words, the matter remains on appeal and the court will hear the parties’ arguments in the future; however, until then, the government is prohibited from enforcing the CTA and entities are not required to submit beneficial ownership reports to the government.

While the matter is constantly evolving, it is likely that the government will continue to accept CTA reports through the FinCen website. We urge readers to continue to monitor the FinCen’s website for additional guidance as it becomes available.

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