

CTA Reporting Obligation Reinstated

December 24, 2024¹

On December 23, 2024, the U.S. Court of Appeals for the Fifth Circuit reinstated beneficial ownership reporting obligations under the Corporate Transparency Act and its implementing regulations (together, the “CTA”).² These obligations had been stayed by a nationwide preliminary injunction issued December 3, 2024, by the U.S. District Court for the Eastern District of Texas.³

In response to the Fifth Circuit decision, the U.S. Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) issued a statement extending beneficial ownership information reporting deadlines, as set out in detail below.⁴ Notably, entities within the CTA’s scope that were created before January 1, 2024, should finalize their beneficial ownership reports and file by January 13, 2025. Entities created on or after January 1, 2024, that paused reporting after the preliminary injunction should resume filing beneficial ownership reports with FinCEN in accordance with reporting deadlines.

Below, we provide background on the CTA and describe relevant recent developments.

Background. The CTA generally requires FinCEN to implement a beneficial ownership reporting regime, with certain companies required to disclose information about their beneficial owners, senior officers and other control persons to the federal government.

FinCEN’s first regulation implementing the CTA was published on September 30, 2022, and went into effect on January 1, 2024. It established that reporting companies created or registered to do business in the United States on or after January 1, 2024, must report beneficial ownership information within a specified period after their creation or first registration, and entities created and registered to do business before January 1, 2024, must file initial beneficial ownership information reports by January 1, 2025.

¹ This client alert is an updated version of our previous client [update](#), dated December 5, 2024.

² *Texas Top Cop Shop, Inc., et al. v. Merrick Garland, et al.*, No. 24-40792, Document 140 (5th Cir. Dec. 23, 2024).

³ *Texas Top Cop Shop, Inc., et al. v. Merrick Garland, et al.*, No. 4:24-cv-478 (E.D. Tex., Dec. 3, 2024), available [here](#).

⁴ FinCEN, “Alert: Updates to Beneficial Ownership Information Reporting Deadlines – Beneficial Ownership Information Reporting Requirements Now in Effect, with Deadline Extensions,” available [here](#).

Complaint. The plaintiffs in the Texas case filed suit in May 2024, claiming that Congress exceeded its authority in enacting the CTA and that the statute violates the First, Fourth, Ninth and Tenth Amendments of the U.S. Constitution.

District Court Decision. The District Court held in its December 3, 2024, ruling that the plaintiffs have a substantial likelihood of success because the CTA likely extends beyond Congress's powers.

The District Court accordingly granted the plaintiffs' motion for a preliminary injunction to enjoin enforcement of the CTA. Having determined that the plaintiffs satisfied the elements for a preliminary injunction, the District Court also determined that a stay of the January 1, 2025, reporting deadline was "necessary to prevent irreparable injury."⁵

As a result of the District Court's ruling, the obligation to comply with beneficial ownership reporting requirements under the CTA was suspended.

Developments on Appeal. On December 5, 2024, the Biden administration filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit and, on December 11, 2024, filed a motion with the District Court to stay the preliminary injunction pending the government's appeal. The District Court denied the motion to stay on December 17, 2024.

On December 13, 2024, the government also filed an emergency stay motion with the Fifth Circuit, requesting a ruling no later than December 27, 2024, given the January 1, 2025, reporting deadline.⁶ It was this motion that was granted on December 23, 2024. The Fifth Circuit held in a *per curiam* decision, among other things, that the government has made a strong showing that it is likely to succeed on the merits in defending the CTA's constitutionality and that "a last-minute injunction of a statute proposed and passed by the people's representatives necessarily inflicts irreparable harm" on the government. The Fifth Circuit also expedited the appeal to the next available oral argument panel.

FinCEN Response and Next Steps. Following the December 3, 2024, preliminary injunction, FinCEN issued a statement on its website acknowledging the District Court decision and the government's appeal, indicating that the court's decision paused the beneficial ownership reporting obligation and providing that reporting companies

⁵ 5 U.S.C. § 705.

⁶ *Texas Top Cop Shop, Inc., et al. v. Merrick Garland, et al.*, No. 24-40792, Document 21 (5th Cir. Dec. 13, 2024).

would not be subject to liability for failing to report while the preliminary injunction was in effect.

After the Fifth Circuit granted the government’s emergency motion for a stay of the injunction yesterday, FinCEN updated this statement, reinstating the reporting obligation and extending the reporting deadlines for certain entities. The reporting deadlines are thus as follows:

Date of Creation or First Registration	Initial Reporting Deadline
Before Jan. 1, 2024	Jan. 13, 2025
Jan. 1, 2024 – Sept. 3, 2024	Within 90 days of notice of creation or registration
Sept. 4, 2024 – Sept. 24, 2024	Jan. 13, 2025
Sept. 25, 2024 – Dec. 2, 2024	Within 90 days of notice of creation or registration
Dec. 3, 2024 – Dec. 23, 2024	Additional 21 days from original filing deadline (i.e., within 111 days of notice of creation or registration)
Dec. 24, 2024 – Dec. 31, 2024	Within 90 days of notice of creation or registration
On or after Jan. 1, 2025	Within 30 days of notice of creation or registration

As noted at the outset, companies within the CTA’s scope should finalize their beneficial ownership information reports and, barring further guidance or legal developments, prepare to file these reports with FinCEN by the reporting deadlines noted above.

* * *

Please do not hesitate to contact us with any questions.



Satish M. Kini
Partner, Washington, D.C.
+1 202 383 8190
smkini@debevoise.com



Aseel M. Rabie
Counsel, Washington, D.C.
+1 202 383 8162
arabie@debevoise.com



Jeremy Lin
Associate, Washington, D.C.
+1 202 383 8101
jlin1@debevoise.com



Catherine Morrison
Associate, New York
+1 212 909 6849
cmmorrison@debevoise.com



Jonathan Steinberg
Associate, New York
+1 212 909 6773
jrsteinberg@debevoise.com