



**LAWYERS FOR
CIVIL RIGHTS
BOSTON**

CORPORATE TRANSPARENCY ACT Update December 2024

UPDATE: On December 3, 2024, a federal district court in Texas granted a preliminary injunction against enforcement of the Corporate Transparency Act (CTA) and its Beneficial Ownership Information (BOI) Reporting Rule.

The injunction applies nationwide. This means that the federal government cannot currently enforce the CTA.

The court's order states that "reporting companies need not comply with the CTA's January 1, 2025 BOI reporting deadline pending further order of the Court." The federal government has confirmed that, because of the court order, "reporting companies are not currently required to file beneficial ownership information with FinCEN," the agency enforcing the CTA.

This ruling is preliminary. It could change in the future or be overturned on appeal. But for now, the federal government is prohibited by court order from enforcing the CTA.

The case is *Texas Top Cop Shop, Inc., et al. v. Garland, et al.*, Civil Action No. 4:24-CV-478 (E.D. Tex.).

FAQs About The Texas Top Cop Order

Who does the court order apply to? The court's order specifically states that it applies nationwide.

What does the court's order say about the January 1, 2025 reporting deadline? The court's order states that "reporting companies need not comply with the CTA's January 1, 2025 BOI reporting deadline pending further order of the Court."

Has the federal government issued any statement about the order? Yes. FinCEN, the government agency that implements CTA, has stated: "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." Companies may continue to submit beneficial ownership reports on a voluntary basis.

Could the order change? Yes, the order is a preliminary order. It could change or be overturned on appeal. The government has already filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit. There is not currently any indication of how long it might take for the appeal to be decided.

Are there other court cases challenging the CTA? Yes, there are several other court challenges against the CTA that are currently pending, including one brought by Lawyers for Civil Rights in federal court in Boston.

Why did the court enjoin enforcement of the CTA? The court found, on a preliminary basis, that the plaintiffs who brought the lawsuit were likely to prevail on their claim that the CTA is unconstitutional because it is beyond the power of Congress to enact.

This information is accurate as of December 9, 2024.