

Client Alert: Update on the Corporate Transparency Act (CTA)

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UPDATE 12/27/24: Court Reverses Ruling on Corporate Transparency Act: BOI Requirements on Hold. [Read more.](#)

Client Alert: Update on the Corporate Transparency Act (CTA); Reporting Beneficial Ownership Information Is Paused.

On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction, temporarily halting the enforcement of the Corporate Transparency Act (CTA) and its regulations and setting aside the January 1, 2025 filing deadline.

Overview of the CTA: The Corporate Transparency Act mandates that certain business entities report information about their beneficial owners to the Financial Crimes Enforcement Network (FinCEN). This measure aims to enhance transparency and combat financial crimes like money laundering and tax evasion. Under the CTA, non-exempt reporting companies must file a Beneficial Ownership Information (BOI) report with FinCen, which includes the names, addresses, and identifying numbers of beneficial owners.

Current Status: On December 6, 2024, the U.S. Department of Justice (DOJ) appealed the district court's injunction to the Fifth Circuit Court of Appeals. If the DOJ were to win a stay on appeal and the injunction is overturned or limited, reporting companies established before 2024 will need to submit their Initial BOI Report by the January 1, 2025 deadline. FinCEN continues to accept BOI reports, although it offered the following guidance on its website:

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.

Next Steps: Given the uncertainty, we recommend that firms continue gathering the necessary information to be prepared to file their BOI reports in the event the DOJ were to win on appeal and the January 1st deadline is once again enforced on short notice. However, we think it is reasonable for reporting companies to wait on submitting any initial or amended BOI reports until FinCen issues further guidance. We recommend reporting companies continue to monitor for additional updates from FinCen.

For further assistance or questions, please contact [Jill Braunstein \(jb Braunstein@abramslaw.com\)](mailto:jb Braunstein@abramslaw.com) or [Vivian Breier \(vbreier@abramslaw.com\)](mailto:vbreier@abramslaw.com) or any of our corporate attorneys at corporate.department@abramslaw.com or 516-328-2300.