



LEGAL UPDATES

ALERT: Court Issues Reprieve to the CTA Compliance Deadline of January 1, 2025!

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On December 3, 2024, less than one month before the January 1, 2025 deadline for reporting under the Corporate Transparency Act ("CTA"), the U.S. District Court for the Eastern District of Texas issued an [order](#), in *Texas Top Cop Shop, Inc. v. Garland*, granting a nationwide preliminary injunction against enforcement of the CTA.

As we have previously communicated to contacts, the CTA is a new federal rule that requires non-exempt entities to file Beneficial Ownership Information Report(s) ("BOIRs")^[1] with the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN") in order to avoid significant monetary and potential criminal penalties.

Here's what the Court's action means for reporting companies:

- While the government order has been appealed (and other courts have ruled in favor of the Department of Treasury), the order states, and FinCEN has confirmed, that ***"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."***
- Be prepared to file quickly in the future, as the courts could either narrow the scope of the injunction or lift the injunction, ruling that the CTA is enforceable and requiring reporting companies to complete their BOIRs within a limited period of time.
- You can still voluntarily file BOIRs and may want to do so. This could help avoid a race to file and flood of filings if courts modify or reverse the impact of the injunction. This may be a desirable approach, especially in circumstances where the analysis is not particularly complex and reporting obligations are not particularly burdensome. Alternatively, you could have your beneficial owners obtain their FinCEN numbers now to expedite future filings that may become required.

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A reminder that you can file BOIRs using the [BOI E Filing System](#). The process is relatively straightforward, and you can still utilize resources you will find in the Lathrop GPM [CTA Client Resource Center](#) and our [Six-Step Guide to BOI Reporting](#). If you have questions about this injunction or CTA compliance in general, please reach out to your contacts at Lathrop GPM.

[1] The CTA requires entities formed prior to January 1, 2024 to complete their initial BOIRs prior to January 1, 2025. The CTA requires entities formed in 2024 to complete their initial BOIRs within 90 days after formation, and for new entities formed after January 1, 2025, within 30 days after formation. For all reporting companies, after the reporting company has completed its initial BOIR, it must file updates or corrections within 30 days of the change event, including but not limited to when a beneficial owner moves, the federal document submitted is renewed, or the submission or awareness of the submission of incorrect beneficial ownership information.