

## Practice Update

# Stay of Preliminary Injunction Reinstates CTA Reporting Requirements

December 24, 2024

*This article is an update to the December 9, 2024, article: [UPDATE: FinCEN Alerts That CTA Reporting Is Voluntary While Preliminary Injunction Remains in Effect](#)*

On December 23, 2024, the United States Court of Appeals for the Fifth Circuit lifted the Texas District Court's nationwide preliminary injunction that had temporarily suspended the enforcement of the Corporate Transparency Act (CTA).<sup>[1]</sup> This means that reporting companies formed prior to January 1, 2024 that are not exempt from the reporting requirements under the CTA must file their Beneficial Owner Information (BOI) reports.

We previously reported that on December 3, 2024, the United States District Court for the Eastern District of Texas issued a nationwide preliminary injunction in *Texas Top Cop Shop v. Garland*, temporarily suspending the implementation of the CTA and its associated BOI reporting rule. In response, the federal government filed an emergency motion requesting a stay of this injunction. On December 23, 2024, the United States Court of Appeals for the Fifth Circuit granted the government's motion. As a result, the CTA is in effect while the appeal is pending.

The Fifth Circuit determined that the government had established a strong likelihood of success in

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defending the constitutionality of the CTA. The Court noted that Congress enacted the CTA under its authority from the Commerce Clause, which permits regulation of economic activities, including the requirement for corporate entities to disclose their beneficial ownership information to combat illicit financial activities.

The Court highlighted that issuing a last-minute injunction against a statute passed by elected representatives would result in irreparable harm. Furthermore, the estimated compliance costs for businesses were minimal when compared to the significant public interest in preventing financial crime and enhancing national security.

Consequently, the Fifth Circuit granted the government's emergency motion and stayed the preliminary injunction. This ruling reinstates the CTA reporting requirements, mandating that all reporting companies report their BOI unless an exemption applies.

The Financial Crimes Enforcement Network of the U.S. Department of Treasury (FinCEN) has agreed to permit reporting companies that were created or registered prior to January 1, 2024 to have until January 13, 2025 to file their initial BOI reports with FinCEN.<sup>[2]</sup>

Clients that are not exempt from the CTA reporting requirements should take immediate action to file their BOI reports with FinCEN prior to the updated time frames.<sup>[3]</sup>

If you have any questions on how this ruling affects your specific filing requirements, please don't hesitate to reach out to your Akerman lawyer.

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[1] Fifth Circuit Court of Appeal case No. 24-40792, appeal from the United States District Court for the

[2] FinCEN Alert issued December 23, 2024, [www.fincen.gov/boi](http://www.fincen.gov/boi). FinCEN has also allowed: (i) reporting companies created or registered in the United States on or after September 4, 2024 that had a filing deadline between December 3, 2024 and December 23, 2024 to have until January 13, 2025 to file their initial beneficial ownership information reports with FinCEN; (ii) reporting companies created or registered in the United States on or after December 3, 2024 and on or before December 23, 2024 have an additional 21 days from their original filing deadline to file their initial beneficial ownership information reports with FinCEN; (iii) reporting companies that qualify for disaster relief may have extended deadlines that fall beyond January 13, 2025. These companies should abide by whichever deadline falls later; and (iv) reporting companies that are created or registered in the United States on or after January 1, 2025 have 30 days to file their initial BOI reports with FinCEN after receiving actual or public notice that their creation or registration is effective.

[3] FinCEN has also indicated in the alert titled “Notice Regarding National Small Business United v. Yellen, No. 5:22-cv-01448 (N.D. Ala.)”, Plaintiffs in National Small Business United v. Yellen, No. 5:22-cv-01448 (N.D. Ala.)—namely, Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the National Small Business Association, and members of the National Small Business Association (as of March 1, 2024)—are not required to report their beneficial ownership information to FinCEN at this time.

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