

UPDATE Corporate Transparency Act is Blocked Again December 27, 2024

On December 26, 2024, a merits panel of the U.S. Court of Appeals for the Fifth Circuit reversed the December 23, 2024 ruling of a different panel of the same circuit and has blocked the enforcement of the Corporate Transparency Act (the “CTA”). What this means is that as of now, reporting companies, as defined under the CTA, do not need to comply with the CTA; that might change, however, as an expedited ruling on the merits of the case is anticipated.

We are monitoring the actions of the Fifth Circuit and will inform you when there is any further development. FinCEN, the federal agency that is charged with enforcing the CTA, is still accepting CTA filings. Depending on where you are in the process, you may still want to go ahead and complete the filing. If you have any questions about the CTA, and whether to comply with CTA now, please contact your Hemenway & Barnes advisor or the authors of this advisory listed below.

US Appeals Court Reinstates and Extends Corporate Transparency Act Filing Requirements

Most entities subject to the federal Corporate Transparency Act (“CTA”) beneficial ownership reporting requirements now have until January 13, 2025 to file initial reports with the Financial Crimes Enforcement Network (“FinCEN”).

The CTA is an anti-money laundering law passed in 2021 and enforced by FinCEN, a bureau of the U.S. Treasury Department. The CTA requires certain entities, or “reporting companies,” to report to FinCEN identifying information about the individuals who ultimately own or control them. FinCEN issued beneficial ownership reporting rules that took effect in 2024 but gave entities formed before January 1, 2024 until January 1, 2025 to make their initial filings; entities formed in 2024 were given 90 days. (For more information about these rules, see the [alert](#) we issued earlier this year.)

Implementation of the reporting requirements has been in flux for the last several weeks, however. Earlier this month, with the deadline fast approaching for millions of reporting companies yet to file, a federal district court in Texas in *Texas Top Cop Shop, Inc. v. Garland* ruled that the CTA was unconstitutional and issued a nationwide preliminary injunction, putting enforcement of the FinCEN rules on hold. The federal government appealed. On December 23, a three-judge panel of the U.S. Court of Appeals for the Fifth Circuit granted a stay of the district court’s injunction, pending the outcome of the government’s appeal – meaning that reporting companies would have to file beneficial ownership information by FinCEN’s initial deadline.

Extended Deadlines

Acknowledging that reporting companies may need additional time to comply due to the recent court rulings, on December 23, 2024, FinCen extended the deadline for filing initial beneficial ownership reports as follows:

- Reporting companies created or registered before January 1, 2024 have until January 13, 2025.
- Reporting companies created or registered in the U.S. on or after September 4, 2024 that had a filing deadline between December 3, 2024 and December 23, 2024 also have until January 13, 2025.
- Reporting companies created or registered in the U.S. 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.
- 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.

The *Texas Top Cop Shop* plaintiffs have filed an emergency petition for review of the December 23 stay by the full Fifth Circuit and requested a decision by January 6, 2025. Other litigation challenging the CTA's constitutionality is also proceeding.

Given the potentially severe penalties for failure to report beneficial ownership information to FinCen, however, we strongly recommend that reporting companies take steps now to comply by the January 13 deadline for most reporting companies.

Contact Us

For assistance in complying with the CTA, please contact your Hemenway & Barnes advisor or the authors of this alert,

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