

CLIENT ALERT

# More Corporate Transparency Act Surprises: Federal Appeals Court Halts Preliminary Injunction; FinCEN Extends Compliance Date for Most Reporting Companies to January 13, 2025

DECEMBER 24, 2024

We recently covered the unexpected and sweeping order dated December 3, 2024, from U.S. District Judge Amos Mazzant of the Eastern District of Texas in *Texas Top Cop Shop, Inc. v. Garland* that preliminarily (i) enjoined the Financial Crimes Enforcement Network (FinCEN) from enforcing the Corporate Transparency Act (CTA) and its beneficial ownership information reporting rule (the BOI Reporting Rule) and (ii) enjoined FinCEN's January 1, 2025 filing deadline for reporting companies created or registered to do business in the United States before 2024.

The big open question arising from the preliminary injunction was whether the U.S. Court of Appeals for the Fifth Circuit (the Fifth Circuit) would stay—i.e., halt—the effectiveness of Judge Mazzant's preliminary injunction before the BOI Reporting Rule's January 1, 2025 compliance deadline.

On December 23, 2024, in an unexpected *per curiam* order, a three-judge panel of the Fifth Circuit indeed stayed Judge Mazzant's preliminary injunction.

## THE COURT'S REASONING

In staying the preliminary injunction, the Fifth Circuit reasoned that:

1. the government was likely to succeed in defending the CTA's constitutionality under the U.S. Constitution's Commerce Clause because the CTA "regulates the ownership and operation of businesses by imposing modest disclosure requirements to facilitate a regulatory scheme aimed at combatting financial crimes";
2. the government would be irreparably harmed by an injunction because it would be unable to enforce a statute that Congress proposed and passed;
3. the plaintiff businesses would be minimally harmed by filing a free-to-file, relatively simple BOI report; and
4. "[w]hen balancing this harm against the public's urgent interest in combatting financial crime and protecting our country's national security, equity favors a stay."

## FINCEN PUBLISHES A SAME-DAY RESPONSE, EXTENDING CERTAIN COMPLIANCE DEADLINES

Following the Fifth Circuit panel's order staying the preliminary injunction, FinCEN published an "Alert" on its BOI landing page stating that the agency was extending the BOI Reporting Rule's deadlines as follows and summarized

in the chart below:

- **reporting companies that were created or registered prior to January 1, 2024, have until January 13, 2025, to file their initial BOI reports;**
- 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, have until January 13, 2025, to file their initial BOI reports; and
- 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 BOI reports.<sup>[1]</sup>

CREATED OR REGISTERED TO DO BUSINESS IN THE U.S.	OLD DEADLINE	NEW DEADLINE
Before January 1, 2024	January 1, 2025	January 13, 2025
September 4–24, 2024	December 3–23, 2024	January 13, 2025
September 25 – December 2, 2024	December 24, 2024 – March 2, 2025	Unchanged
December 3–23, 2024	March 3–23, 2025	March 24 – April 13, 2025

STAY TUNED

Stay tuned for further CTA developments, and please reach out to any of the [Winston CTA Task Force attorneys](#) with any questions.

[1] Additionally, (i) 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); (ii) 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 after receiving actual or public notice that their creation or registration is effective; and (iii) the plaintiffs in *National Small Business United v. Yellen*—the so-called Northern District of Alabama case—are not currently required to report their BOI to FinCEN at this time.

3 Min Read

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