



CRITICAL UPDATE: Fifth Circuit Reinstates Nationwide Injunction of Corporate Transparency Act; Beneficial Ownership Reporting Again Suspended

DECEMBER 2024

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Just days after one panel of the Fifth Circuit Court of Appeals stayed the nationwide preliminary injunction that prevented the enforcement of the Corporate Transparency Act (“CTA”), the Fifth Circuit panel that will decide the appeal on the merits vacated the stay, effectively reinstating the nationwide injunction. The merits panel did so “... to preserve the constitutional status quo while the merits panel considers the parties’ weighty substantive arguments” With this ruling, the nationwide preliminary injunction that prohibits the enforcement of the CTA is again in effect. As a result, companies do not need to file beneficial ownership information reports under the CTA, at least until there is another development in the proceedings.

On December 27, 2024, the Fifth Circuit set a schedule for briefing in the appeal that requires all briefs to be filed by the end of February 2025. Oral argument is scheduled for March 25, 2025.

The CTA is a federal law enacted to enhance corporate transparency by requiring certain companies to disclose beneficial ownership information to the Financial Crimes Enforcement Network (“FinCEN”). It aims to facilitate greater transparency regarding the individuals who ultimately own or control companies operating in the United States and would require tens of millions of domestic business entities and foreign companies doing business here to report information on their beneficial owners to FinCEN.

FinCEN has acknowledged the reinstatement of the injunction and has issued the following [alert](#): ***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.***

[Additional Information](#)

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