

**BENEFICIAL OWNERSHIP INTEREST REPORTING UNDER
THE CORPORATE TRANSPARENCY ACT**

This Article is being updated on an ongoing basis.

As of December 27, 2024, 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.

On Tuesday, December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction halting the enforcement of the Corporate Transparency Act (CTA), a law that imposes informational filing requirements on certain small businesses known as a Beneficial Ownership Interest report (BOI report). The District Court held that neither the CTA nor the Reporting Rule may be enforced, and “reporting companies need not comply with the CTA’s January 1, 2025 BOI reporting deadline pending further order of the Court.” A link to the full opinion is available [here](#) and a link to an article describing the arguments made in the case is available [here](#). Litigation is also pending in other parts of the country challenging the CTA.

On Friday, December 6, 2024, the Financial Crimes Enforcement Network (FinCEN), a branch of the U.S. Treasury Department and the agency responsible for enforcement of the CTA, posted an alert on its website indicating that FinCEN filings were, for the time being, voluntary rather than mandatory, deadlines were suspended, and penalties would not be enforced, due to ongoing litigation.

The government appealed the District Court’s nationwide injunction.

On Monday, December 23, 2024, the 5th Circuit Court of Appeals granted the government relief and lifted the injunction, making the filing requirement mandatory.

On Monday, December 23, 2024, FinCEN released a statement extending the compliance deadline for the pre-2024 business entities to January 13, 2025.

On Tuesday, December 24, 2024, the plaintiffs in the case filed for a rehearing en banc (full court), with a response requested by January 6, 2025.

On December 26, 2024, the merits panel of the 5th Circuit Court of Appeals VACATED the December 23, 2024 decision by the motions panel, effectively reinstating the nationwide injunction on FinCEN's ability to enforce the BOI report filing deadline.

On December 27, 2024, FinCEN posted its response to the December 26 decision stating that reporting companies are not required to file BOI reports while the order remains in effect.

Click [here](#) for a link to the FinCEN website.

Beneficial Interest Ownership Reporting Background

The CTA was passed by U.S. Congress under bipartisan legislation in 2021 to combat illicit activity including tax fraud, money laundering, and financing for terrorism by capturing ownership information for specific U.S. businesses operating in or accessing the country's financial markets.

The CTA requires small business owners and related parties to file a BOI report with the Department of the Treasury's Financial Crimes divisions, using a link on the FinCEN website available [here](#). The BOI report includes company information as well as the entity owner's names, addresses, and other personal identification.

Recommendations for You and Your Company

You should continue to monitor updates regarding the enforcement of the CTA. We will continue to monitor developments and update this article as they become available. Reach out to your attorney to discuss your CTA compliance situation.

MGD clients, please reach out to your attorney to discuss your specific situation.

*Updated as of December 27, 2024.