

Corporate Transparency Act is Back in Action

February 20, 2025 Lauren White, Annie Lawson

PRACTICES Tax, Corporate

The last remaining nationwide order prohibiting enforcement of the Corporate Transparency Act (the **CTA**) has been stayed by a Texas district court pending the government's appeal to the Fifth Circuit. The CTA and its implementing regulations have been intermittently on hold since December, after courts successively enjoined the law's enforcement.

On Jan. 7, Judge Jeremy D. Kernodle of the U.S. District Court for the Eastern District of Texas stayed the effective date of key implementing regulations for the CTA, including the reporting deadline, effectively enjoining the enforcement of the CTA in *Smith v. U.S. Department of the Treasury*. At the time of Judge Kernodle's *Smith* order, the CTA had also been enjoined by another Texas judge in *McHenry v. Texas Top Cop Shop, Inc.*

On Jan. 23, the Supreme Court lifted the *Texas Top Cop Shop* injunction. The government then filed a motion in the *Smith* case requesting that Judge Kernodle stay his order blocking the CTA in light of the Supreme Court's action. On Feb. 17, Judge Kernodle granted the motion and stayed his order.

FinCEN has responded by "generally extending the deadline 30 calendar days from Feb. 19, 2025, for most companies" according to an alert posted Feb. 19, 2025 on [fincen.gov](https://www.fincen.gov).

That alert goes on to explain that "during this 30-day period, FinCEN will assess its options to further modify deadlines, while prioritizing reporting for those entities that pose the most significant national security risks."

FinCEN also intends to initiate a process this year to revise the BOI reporting rule to reduce burden for lower-risk entities, including many U.S. small businesses.

Updated Deadlines

- For the vast majority of reporting companies, the new deadline to file an initial, updated and/or corrected BOI report is now **March 21, 2025**. FinCEN will provide an update before then of any further modification of this deadline, recognizing that reporting companies may need additional time to comply with their BOI reporting obligations once this update is provided.
- Reporting companies that were previously given a reporting deadline later than the March 21, 2025 deadline must file their initial BOI report by that later deadline. For example, if a company's reporting deadline is in April 2025 because it qualifies for certain disaster relief extensions, it should follow the April deadline, not the March deadline.

The U.S. House of Representatives voted 408-0 on Feb. 10 in favor of pushing the CTA's reporting deadline to Jan. 1, 2026. The measure is pending in the US Senate.

The U.S. Court of Appeals for the Fifth Circuit is scheduled to hear oral arguments on April 1 in *Texas Top Cop Shop*.

Update #1: On Feb. 27, 2025, FinCEN released a statement announcing that “it will not issue any fines or penalties or take any other enforcement actions against any companies based on any failure to file or update beneficial ownership information (BOI) reports pursuant to the Corporate Transparency Act by the current deadlines. No fines or penalties will be issued, and no enforcement actions will be taken, until a forthcoming interim final rule becomes effective and the new relevant due dates in the interim final rule have passed.”

Update #2: On March 2, 2025, the Treasury Department announced that “not only will it not enforce any penalties or fines associated with the beneficial ownership information reporting rule under the existing regulatory deadlines, but it will further not enforce any penalties or fines against U.S. citizens or domestic reporting companies or their beneficial owners after the forthcoming rule changes take effect either. The Treasury Department will further be issuing a proposed rulemaking that will narrow the scope of the rule to foreign reporting companies only.”

CTA compliance continues to change. What we do know is that it will not be clear what the reporting obligations are until Treasury issues the promised new rules.