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## **Update: Federal Court Reinstates Corporate Transparency Act Deadline**

By Howard Dicker, Adé Heyliger, Christopher Mulligan, Christopher Scully, Zack Tripp, Timothy Welch, David Wohl and John Bradshaw

The United States Court of Appeals for the Fifth Circuit has granted the federal government's effort to put the Corporate Transparency Act (CTA) back into immediate effect. The original filing deadlines for beneficial ownership information reporting are now back in force nationwide, including the January 1, 2025 deadline for companies created before January 1, 2024, absent further action from the courts or clarification by the Financial Crimes Enforcement Network (FinCEN).

As we [previously reported](#), on December 3, 2024, a federal district court in Texas issued a nationwide preliminary injunction against the enforcement of the CTA and FinCEN's final rule imposing reporting requirements of beneficial ownership information.

The district court blocked enforcement of the law nationwide, suspending the reporting deadlines. On December 13, the government moved for a stay pending appeal, asking the Fifth Circuit to allow the reporting requirements to go immediately into effect.

The Fifth Circuit has now granted the government's motion for a stay. The original deadlines are now back in effect and reporting is once again required nationwide.

The Fifth Circuit reasoned that the law likely fit within Congress's broad power to regulate interstate commerce. The panel reasoned that the law "regulates anonymous ownership and operation of businesses," which it viewed as a kind of economic activity that Congress can regulate. The panel further reasoned that the district court likely erred in invalidating the law on its face, in all of its applications, even though the law is at least valid if the underlying corporation is involved in "business operations affecting interstate commerce." The panel also found that the balance of the equities favored the government, because "combatting financial crime and protecting our country's national security" were weighty interests, whereas "a typical, simple company would spend about ninety minutes (or about \$85 worth of time) to complete and file [the] required report."

Judge Haynes dissented in part. She would have granted a stay as to the nationwide portion of the injunction, but denied a stay as to the named plaintiffs.

The plaintiffs could potentially ask the full Fifth Circuit for emergency relief, or even the Supreme Court. It is unclear if the plaintiffs will try to do so, particularly given the impending deadline.

### Following the District Court's Ruling:

- On December 5, the government appealed the injunction to the Fifth Circuit.
- On December 6, FinCEN issued a statement on its website confirming that companies were not required to submit reports for as long as the injunction remains in effect.
- On December 13, the government filed an emergency motion for a stay of the injunction pending appeal in the Fifth Circuit.
- On December 23, the Fifth Circuit granted the government's motion for a stay.

### Current Reporting Status:

**The reporting requirements are back in force nationwide. Absent further action from the courts or clarification from FinCEN, filings of beneficial ownership information are required based on the original deadlines, including the January 1, 2025 deadline for companies created before January 1, 2024.** We will continue to monitor developments in this important case and provide updates.

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If you have questions concerning the contents of this alert, or would like more information, please speak to your regular contact at Weil or to any of the following:

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