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SCOTUS Overturns One CTA Nationwide Injunction – but Reporting Requirements Still Paused…

by Erin Bryan, Nathan Honson, Joseph Lynyak, and Matthew Dickerson

On January 23, 2025, the Supreme Court of the United States ruled in favor of the U.S. government in relation to the Corporate Transparency Act ("**CTA**") – granting an emergency application to overturn the nationwide preliminary injunction against enforcement of the CTA that has been in place, on and off, since December 3, 2024. *Texas Top Cop Shop v Garland et al., No. 4:24-cv-00478, December 3, 2024 (E.D. Tex.).*

However, as a result of a different nationwide order, issued on January 7, 2025 by the Eastern District of Texas, in a separate case challenging the constitutionality of the CTA (*Smith v. United States Dep't of the Treasury*, 2025 WL 41924 (E.D. Tex.)) – the effective date of the reporting rule under the CTA remains on hold. FinCEN confirmed, in its January 24, 2025 update, that "*reporting companies are not currently required to file beneficial ownership information with FinCEN despite the Supreme Court's action in Texas Top Cop Shop. Reporting companies … are not subject to liability if they fail to file this information while the Smith order remains in force*".

As a result, reporting companies do not (yet) need to comply with the beneficial ownership information reporting requirements of the CTA, but may continue to file reports on a voluntary basis.

Despite the continued uncertainty, reporting companies should continue to be prepared to file their BOI Reports on short notice if, or when, the reporting rule is reinstated.

We will continue to monitor developments, and will be available to assist in compliance efforts.

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