

Corporate Transparency Act Remains on Hold Despite Supreme Court Decision, by Seth Meyer, Esq. and Alisha Talati, Esq, 1-24-2025

Despite this week's Supreme Court decision that seemingly would have reinstated the Corporate Transparency Act (CTA), companies still do not have to comply with the law's Beneficial Ownership Information (BOI) reporting requirements, according to the Treasury Department in a recent alert.

On January 23rd, the Supreme Court stayed a lower court's nationwide injunction last month that had prevented the Treasury Department from enforcing the CTA's BOI reporting requirements or imposing penalties for non-compliance.

The federal anti-money laundering law would require millions of companies to disclose the identities of their beneficial owners.

In its January 23rd court order, the Supreme Court reinstated the law with only Justice Ketanji Brown Jackson dissenting.

But since that ruling, the Financial Crimes Enforcement Network (FinCEN) has updated its site to say that submission is still voluntary noting that despite the Supreme Court ruling that granted the government's motion to stay a nationwide injunction issued by a federal judge in Texas (*Texas Top Cop Shop, Inc. v. McHenry*—formerly, *Texas Top Cop Shop v. Garland*), reporting companies do not have to file their BOI information with FinCEN. This is due to a separate nationwide order issued by a different federal judge in Texas (*Smith v. U.S. Department of the Treasury*) that still remains in place.

Reporting companies "are not subject to liability if they fail to file this information while the Smith order remains in force. However, reporting companies may continue to voluntarily submit beneficial ownership information reports," according to FinCEN.

To be sure, it has been quite the rollercoaster these past couple of months with the law facing multiple stops and starts.

Background

On December 23rd, the Fifth Circuit Court of Appeals issued an order staying the nationwide preliminary injunction previously issued by a Texas district court. Then days later, on December 26, 2024, the Fifth Circuit reversed its previous decision to stay the CTA's nationwide preliminary injunction pending appeal.

As reported in a prior KD law alert, on December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction in the case of *Texas Top Cop Shop, Inc. v. Garland* blocking the U.S. Department of Treasury from enforcing the CTA's beneficial ownership information (BOI) reporting requirements or imposing penalties for non-compliance.

With the Supreme Court ruling, the case now goes back to the U.S. Court of Appeals Fifth Circuit and for now companies remain off the hook with complying.

Kaufman Dolowich continues to monitor developments on this ever-evolving issue. For more on recent CTA rulings, visit KD's previous blog.

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