

# Uncertainty Over CTA Reporting Requirements as DOJ Appeals Nationwide Injunction

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Pittsburgh, PA

**Pittsburgh Technology Council**

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As discussed in our previous Alert, the U.S. District Court for the Eastern District of Texas granted a nationwide preliminary injunction in *Texas Top Cop Shop, Inc., et al. v. Garland, et al.*, temporarily halting enforcement of the Corporate Transparency Act (CTA) and its beneficial ownership information (BOI) reporting requirements, including the January 1, 2025, filing deadline. The ruling provided temporary relief to affected businesses, but a pending Department of Justice (DOJ) emergency motion to stay the injunction pending appeal has created further uncertainty.

On December 11 and December 13, 2024, the DOJ filed emergency motions with the District Court and the United States Court of Appeals for the Fifth Circuit respectively, requesting a stay of the District Court's nationwide injunction. In its motion to the Court of Appeals, the government proposed an expedited briefing schedule, requesting "a ruling on this motion as soon as possible, but in any event no later than December 27, 2024, to ensure that regulated entities can be made aware of their obligation to comply before January 1, 2025."

On December 17, 2024, the District Court denied the government's motion, while the Court of Appeals decision remains pending and could be issued as early as December 20, 2024. If the Fifth Circuit grants the stay or narrows the scope of the injunction, the CTA's reporting requirements, including the January 1, 2025 filing deadline, could be reinstated (unless the court or the Financial Crimes Enforcement Network (FinCEN) issues a deadline extension). FinCEN has already clarified that businesses are not required to file BOI reports while the injunction is in effect, but that they may voluntarily submit reports during this time.<sup>[1]</sup>

If the Fifth Circuit stays the injunction, reporting companies which have not already submitted their filings should be prepared to finalize their BOI reports and file them promptly to meet the reinstated deadline. FinCEN has not indicated whether it plans to offer reporting companies an extension if the injunction is stayed or narrowed by December 27, 2024. Approximately 8 million of the estimated 32.6 million reporting companies subject to filing requirements have filed so far. In the event the January 1, 2025 deadline remains in place, FinCEN's website is likely to be overwhelmed with filing attempts, which could lead to delays and technical issues. In light of this uncertainty, reporting companies should consider gathering the required filing information to avoid a potential race against the clock at year-end, or if your business has a conservative mindset, you should file the report now and enjoy the holiday season. Either way, doing nothing does not appear to be an option.

Babst Calland will continue to closely monitor developments on this matter. Please reach out to [fincenassist@babstcalland.com](mailto:fincenassist@babstcalland.com) or your Babst Calland client relationship lawyer if you have any questions.

[1] <https://fincen.gov/boi>

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