

Standish Compliance Client Alert

CTA: Beneficial Ownership Reporting Requirements Temporarily Halted

On Tuesday December 3, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction temporarily blocking enforcement of the Corporate Transparency Act (**CTA**) and its requirements for certain companies to submit Beneficial Ownership Information Reports (**BOIR**). The CTA, which went into effect January 1, 2024, requires certain companies, known as reporting companies, to disclose information about their beneficial owners – the individuals who ultimately own or control a company—to the Financial Crimes Enforcement Network (**FinCEN**). This ruling effectively halts the requirement for reporting companies to disclose beneficial ownership information to FinCEN. The Court's order states that neither the CTA nor the implementing rules adopted by FinCEN may be enforced and that reporting companies need not comply with the CTA's upcoming January 1, 2025, deadline for filing beneficial ownership reports.

The preliminary injunction applies nationwide, meaning that all companies currently subject to the CTA's reporting requirements are now exempt from filing beneficial ownership reports until further notice. This includes companies formed after January 1, 2024, who would otherwise have been required to file BOIRs within 30 days of formation.

While this ruling is not a final determination of the CTA's constitutionality, it temporarily halts enforcement while the case proceeds. It should be noted that enforcement could resume if the Court's order is overturned on appeal, or the Government ultimately succeeds in defending the merits of the CTA. In this case, we encourage clients who may have reporting obligations to be prepared, potentially at a moment's notice, to make the CTA's required filings—either before the January 1, 2025, deadline, or, if the injunction runs past January 1, 2025, but is then overturned, immediately thereafter.

Client Action Steps

While not required, those that still wish to submit applicable filings may do so and Standish Compliance can assist. If you have any questions or would like us to draft and/or assist in submitting a BOI report, please notify your client team at Standish Compliance who will push out a CTA Filing Request form via DocuSign. Once we receive the executed agreement, we will reply with instructions for information needed to submit the filings.

See News Source - <https://www.jdsupra.com/legalnews/injunction-halts-enforcement-of-8571040/>