

Enforcement of CTA Halted Yet Again After Federal Court Reverses Course and Reinstates Nationwide Injunction

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On December 26, 2024, in a surprising move, the U.S. Court of Appeals for the Fifth Circuit [issued a decision](#) reinstating the nationwide injunction against enforcement of reporting requirements for beneficial ownership information under the Corporate Transparency Act (CTA).

This Fifth Circuit decision reversed the decision issued only three days prior, on December 23, 2024, by another Fifth Circuit panel [lifting the nationwide injunction](#).

Following the Fifth Circuit's December 26 decision, the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued an [alert](#) on December 27, 2024, titled "Impact of Ongoing Litigation – Deadline Stay – Voluntary Submission Only." The alert states that, while the injunction is in place, reporting companies are not required to file beneficial ownership information with FinCEN and are not subject to liability under the CTA for failing to file beneficial ownership information. FinCEN also noted that reporting companies may continue to voluntarily submit beneficial ownership information reports if they so choose.

The Fifth Circuit's December 26 decision did not provide a detailed analysis of the court's reasoning for overriding the Fifth Circuit panel but stated that restoring the injunction would "preserve the constitutional status quo" while the appeal on the merits proceeds.

The Fifth Circuit has scheduled oral arguments regarding the injunction for March 25, 2025. Companies should maintain any beneficial ownership information that has been gathered for CTA reporting purposes in case filing requirements are reinstated and/or revised.

We will continue to monitor developments in this litigation and any further impact on the CTA's beneficial ownership reporting requirements.

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