

Corporate Transparency Act Reporting Remains Stayed—For Now

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What Happened

On January 23, 2025, the United States Supreme Court granted the federal government's request to stay the nationwide injunction on the enforcement of the Corporate Transparency Act ("CTA") issued by the United States District Court for the Eastern District of Texas in *Texas Top Cop Shop v. Garland et al.* (Case 4:24-cv-00478).

On January 24, 2025, FinCEN posted the following [update](#) to its website:

On January 23, 2025, the Supreme Court 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*). As a separate nationwide order issued by a different federal judge in Texas (*Smith v. U.S. Department of the Treasury*) still remains in place, 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 also 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.

The court in the *Smith* litigation (*Smith v. US Department of Treasury*, No. 6:24-cv-00336 (E.D. Tx. 2025)) issued [an order](#) on January 7, 2025, granted a preliminary injunction staying all reporting under the CTA.

Although FinCEN may provide additional guidance to reporting companies to modify this guidance, for now, reporting companies are still not required to file beneficial ownership information with FinCEN.

The Road Ahead

The lifting of the *Texas Top Cop Shop* stay and the conflict with the *Smith* stay is another twist in the road of what are likely to be continued protracted legal battles in these cases and in other pending lawsuits around the country that are challenging the CTA.

A three-judge panel at the Fifth Circuit in *Texas Top Cop Shop* will hear oral arguments on the constitutionality of the CTA on March 25, 2025. The plaintiffs may also pursue a writ of certiorari and ultimate ruling by the Supreme Court on the merits.

The government will also presumably appeal the injunction in the *Smith* case as well (citing the rationale of the Supreme Court's order in the *Texas Top Cop Shop* case), which will introduce another round of briefing and potentially impactful orders at the appellate levels.

Additionally, the new Trump administration may take steps to limit the CTA administratively, or Congress may revoke the CTA altogether, adding another layer of uncertainty for businesses.

We're Here to Help

We understand that many of our clients' needs and transaction structures may require deeper analysis and that updates from FinCEN will be forthcoming. Navigating the intricacies of the CTA can be complex and our team is available to provide counsel tailored to your specific needs. We can assist you in understanding the implications of the CTA for your entities and transactions, and we can provide guidance in ensuring compliance with the new regulatory framework.

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