

CTA UPDATE: US District Court Reinstates Reporting Requirement; FinCEN Grants 30-Day Filing Extension

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Go-To Guide:

- On Feb. 18, 2025, the U.S. District Court for the Eastern District of Texas granted the government's motion to stay relief in *Smith v. U.S. Department of the Treasury*, thereby lifting the injunction against the Corporate Transparency Act (CTA) that had been in place in that case.
- As a result, FinCEN confirmed that beneficial ownership information (BOI) reporting requirements under the CTA are once again back in effect, subject to a 30-day filing extension.
- **Most entities will have a reporting deadline of March 21, 2025** (except for reporting companies with later reporting deadlines under existing guidelines).

The CTA's status has shifted multiple times¹ since Dec. 3, 2024, when a Texas district court in *Texas Top Cop Shop, Inc. v. McHenry* (formerly *Texas Top Cop Shop, Inc. v. Garland*) preliminarily enjoined the CTA and its BOI reporting rule (Reporting Rule) on a nationwide basis.

On Jan. 7, 2025, a second federal judge of the U.S. District Court for the Eastern District of Texas (the District Court) ordered preliminary relief barring CTA enforcement in *Smith v. U.S. Department of the Treasury*.² Then, notwithstanding the SCOTUS Order staying the injunction in *Texas Top Cop Shop*, on Jan. 24, 2025, FinCEN confirmed that reporting companies were not required to file BOI Reports with FinCEN due to the separate nationwide relief entered in *Smith* (and while the order in *Smith* remained in effect). On Feb. 5, 2025, the government appealed the ruling in *Smith* to the U.S. Court of Appeals for the Fifth Circuit (the Fifth Circuit) and asked the District Court to stay relief pending that appeal.

CTA Reporting Requirements Back in Effect

On Feb. 18, 2025, the District Court in *Smith* granted a stay of its preliminary injunction pending appeal, thereby reinstating BOI reporting requirements once again. On Feb. 19, 2025, FinCEN issued guidance on its website to reflect this update and to announce that companies have 30 days to submit BOI reports:

With the February 18, 2025, decision by the U.S. District Court for the Eastern District of Texas in *Smith, et al. v. U.S. Department of the Treasury, et al.*, 6:24-cv-00336 (E.D. Tex.), **beneficial ownership information (BOI) reporting requirements under the Corporate Transparency Act (CTA) are once again back in effect**. However, because the Department of the Treasury recognizes that reporting companies may need additional time to comply with their BOI reporting obligations, FinCEN is generally extending the deadline 30 calendar days from February 19, 2025, for most companies.

New Filing Deadlines

Most reporting companies will be required to file BOI reports no later than March 21, 2025, as follows:

- The new deadline to file an initial, updated, and/or corrected BOI report is generally now **March 21, 2025**.
- Companies that were previously given a reporting deadline later than the March 21, 2025, deadline must file their initial BOI report by that later deadline (i.e., companies that qualify for certain disaster relief extensions and companies formed on or after Feb. 20, 2025).

Looking Ahead

In its guidance, FinCEN indicates that it will assess its options to further modify deadlines and initiate a process this year to revise the Reporting Rule to reduce burden for lower-risk entities, including many U.S. small businesses. How this will impact BOI reporting requirements remains to be seen.

Expedited oral arguments for the Fifth Circuit appeal in *Texas Top Cop Shop* are set for March 25, 2025. Unless the courts or Congress³ provide further relief, reporting companies should prepare to comply with the deadlines outlined above. Additionally, reporting companies should stay updated on FinCEN announcements, as further adjustments to reporting deadlines could be issued within the next 30 days.

¹ On Dec. 3, 2024, the CTA and its BOI reporting rule were [preliminary enjoined on a nationwide basis](#), approximately four weeks ahead of a key Jan. 1, 2025, deadline. FinCEN appealed that ruling, and on Dec. 23, 2024, a motions panel of the U.S. Court of Appeal for the Fifth Circuit [stayed the injunction](#), allowing the CTA to go back into effect. Three days later, on Dec. 26, 2024, a merits panel of the Fifth Circuit vacated the motion panel's stay, effectively [reinstating the nationwide preliminary injunction](#) against the CTA and the Reporting Rule. On Dec. 31, 2024, the government filed an emergency application with the U.S. Supreme Court to stay that preliminary injunction. On Jan. 23, 2025, the [Supreme Court granted that application](#) (the SCOTUS Order), staying the nationwide

preliminary injunction in *Texas Top Cop Shop, Inc. v. McHenry. McHenry v. Texas Top Cop Shop, Inc.*, No. 24A653, 2025 WL 272062 (U.S. Jan. 23, 2025).

² See *Smith v. United States Dep't of the Treasury*, No. 6:24-CV-336-JDK, 2025 WL 41924 (E.D. Tex. Jan. 7, 2025).

³ On Feb. 10, 2025, the House of Representatives unanimously passed the *Protect Small Businesses from Excessive Paperwork Act* (H.R. 736, 119th Cong. (2025)). The bill has moved to the Senate for consideration. If enacted, the bill will extend the reporting deadline for entities that qualify as “a small business concern” to Jan. 1, 2026.

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