

Transparency is in Your Future – Federal Fifth Circuit Court of Appeals lifts Nationwide Preliminary Injunction of the Corporate Transparency Act

As you may know, we posted an update on the pending litigation surrounding the Federal Corporate Transparency Act (“CTA”) and enforcement of the CTA by the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”). On December 3, 2024, a nationwide preliminary injunction was issued by the Federal District Court for the Eastern District of Texas (*Texas Top Cop Shop, Inc. et al. v. Merrick Garland, Attorney General of the United States, et al.* (EDTX 4:24-cv-478)). However, the defendants’ filed an appeal and motion seeking to lift the preliminary injunction.

On December 23, 2024, the United States Court of Appeals for the Fifth Circuit (Case No. 24-40792) issued an Order granting Appellants’ motion for a stay of the Federal District Court’s nationwide preliminary injunction, which means that the preliminary injunction of the CTA has been lifted. **As a result, the CTA reporting requirements and deadlines are reinstated, on a nationwide basis, as outlined below:**

		Initial Report
Entities existing before January 1, 2024		Must file by January 1, 2025
New entities formed on or after January 1, 2024 and before January 1, 2025	Domestic	Must file within 90 calendar days after the earlier of when: (a) it has actual notice that its creation is effective, or (b) the public has notice through a publicly accessible registry that the domestic reporting company has been created
	Foreign	Must file within 90 calendar days after the earlier of when: (a) it has actual notice that its registration in the US is effective, or (b) the public has notice through a publicly accessible registry that the foreign reporting company has been registered to do business
New entities formed on or after January 1, 2025	Domestic	Must file within 30 calendar days after the earlier of when: (a) it has actual notice that its creation is effective, or (b) the public has notice through a publicly accessible registry that the domestic reporting company has been created
	Foreign	Must file within 30 calendar days after the earlier of when: (a) it has actual notice that its registration in the US is effective, or

		(b) the public has notice through a publicly accessible registry that the foreign reporting company has been registered to do business
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Additionally, a reporting company must file a report within 30 calendar days after the date that (x) a change in beneficial ownership occurs or (y) the reporting company becomes aware or has reason to know of an inaccuracy in its report.

The Fifth Circuit has ordered that the appeal will be expedited to the next available oral argument panel. However, the Fifth Circuit’s decision does not decide on the constitutionality of the CTA, which is still before the District Court for the Eastern District of Texas. We will provide further updates on these cases when available.

The federal litigation cases do not affect any similar state corporate transparency laws. New York’s LLC Transparency Act (the “**NY Act**”) requires the disclosure of beneficial ownership information to the New York Department of State by limited liability companies formed under the laws of the state of New York and foreign limited liability companies authorized to do business in the state of New York. The NY Act is largely based on the CTA and currently is set to go into effect on January 1, 2026.

For further information or guidance on revising your policies, procedures, and corporate governance agreements, please contact [David Paseltiner](#) or [Rose Egan](#). You can follow our [blog](#) for more information as it becomes available.