

# Corporate Transparency Act Update: Reporting Obligations Reinstated

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The rollercoaster that is the Corporate Transparency Act (“CTA”) continues. In short, Reporting Companies (as defined by the CTA) are **once again required to file beneficial ownership information reports (“BOIRs”)** with the U.S. Treasury’s Financial Crimes Enforcement Network (“FinCEN”), and **FinCEN has extended the reporting deadline to March 21, 2025, for the majority of Reporting Companies.** However, Reporting Companies that were previously given a later deadline should abide by such later deadline to file their initial BOIRs (e.g., Reporting Companies that qualify for a disaster relief extension).

## **Background**

As we initially reported, the CTA took effect on January 1, 2024, requiring Reporting Companies to file BOIRs with FinCEN. However, following legal challenges in the U.S. District Court for the Eastern District of Texas, the CTA was put on hold following two separate nationwide injunctions arising out of *Texas Top Cop Shop, Inc. v. McHenry* and *Smith v. U.S. Department of Treasury* in December 2024 and January 2025 respectively.

As previously reported, in *Texas Top Cop Shop*, the Fifth Circuit Court of Appeals stayed the preliminary injunction on December 23, 2024, only to reinstate the preliminary injunction days later. While the *Texas Top Cop Shop* case was on appeal to the U.S. Supreme Court, a separate injunction was issued in *Smith* along similar constitutional grounds.

On January 23, 2025, the Supreme Court lifted the preliminary injunction in *Texas Top Cop Shop*. However, given the separate *Smith* injunction, reporting remained optional as previously reported.

## **Recent Developments and New Reporting Deadlines**

The federal government appealed the *Smith* decision on February 5, 2025, and on February 18, 2025, the Texas District Court lifted the *Smith* injunction, citing the Supreme Court’s decision in *Texas Top Cop Shop*.

Shortly after the *Smith* injunction was lifted, FinCEN published notice FIN-2025-CTA1 (the “Notice”) responding to the *Smith* decision and providing an extended deadline for Reporting Companies that have BOIR filing obligations, as follows:

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 (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.

Additionally, the Notice emphasizes that during the 30-day extension, FinCEN will consider further extensions of the deadline and rule changes to reduce the regulatory burden on certain small businesses going forward.

Finally, the Notice provides that “[f]or the vast majority of reporting companies, the new deadline to file an initial, updated, and/or corrected BOI report is now March 21, 2025.” The Notice also acknowledges later reporting deadlines for certain reporting companies entitled to disaster relief, as well as the continued limited injunction for the plaintiffs in *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala.) (“NSBU”).

A copy of the Notice is available on FinCEN’s website [here](#).

Accordingly, now that the CTA’s reporting obligations have been reinstated, all non-exempt Reporting Companies that have not yet filed an initial BOIR, or otherwise need to submit an updated or corrected BOIR, are required to do so by March 21, 2025 (unless a later deadline applies).

#### **What Now?**

Despite these recent developments, and as mentioned in our prior Client Alerts linked above, the constitutionality of the CTA remains uncertain. The constitutional arguments in *Texas Top Cop Shop* and *Smith* have not yet been resolved on the merits and those cases will continue to work their way through the courts to determine whether the CTA is ultimately constitutional.

It is also important to note there have been several other cases challenging the CTA outside of Texas, with differing outcomes. The first of these was the *NSBU* decision where the Northern District of Alabama issued a preliminary injunction against the CTA back in March of 2024 limited to the plaintiffs in that case. The *NSBU* decision is currently pending appeal before the Eleventh Circuit Court of Appeals. Conversely, federal district courts in Virginia (*Community Associations Institute et al. v. U.S. Department of Treasury et al.*) and Oregon (*Firestone et al. v. Yellen et al.*) both upheld the CTA as constitutional. Both of those cases are currently pending appeal before the Fourth and Ninth Circuit Court of Appeals, respectively. Most recently, the U.S. District Court for the District of Maine also upheld the CTA as constitutional in *Boyle v. Bessent, et al.* In short, there is a significant divide among the courts regarding the constitutionality of the CTA and many sources believe it is likely these cases will be consolidated and ultimately decided on the merits by the U.S. Supreme Court.

Additionally, Congress has already taken steps to modify or repeal the CTA. In late January, federal legislation was introduced to extend the initial reporting deadline to the end of 2025 for entities formed prior to January 1, 2024. The bill was unanimously approved by the U.S. House of Representatives on February 10, 2025, but for the deadline extension to be effective, the bill must also be approved by the Senate and signed by the President. Relatedly, the “Repealing Big Brother Overreach Act” was recently re-introduced to the House of Representatives and proposes to repeal the CTA altogether.

Adding to the chaos, some have anticipated that the Trump administration may step in to limit or halt enforcement of the CTA through an executive order. However, at the time of this publication, there has been no indication that this is the case. To the contrary, the government’s briefs defending the CTA in the *Texas Top Cop Shop* and *Smith* cases signal strong support of the CTA by the current administration.

Long term, the future of the CTA remains uncertain. For now, however, the CTA is back on, and reporting is no longer voluntary. Accordingly, Reporting Companies should prepare to file any required BOIRs prior to the new March 21, 2025, deadline.

Please contact the Seigfreid Bingham Corporate Law Practice Group or your regular Seigfreid Bingham

contact with any questions.

*This article is general in nature and does not constitute legal advice. The authors of this article are members of Seigfreid Bingham's Corporate Law Practice Group and Corporate Transparency Act Task Force and routinely represent clients in corporate structuring and other general business matters. If you or your organization have questions about the impact of these developments, please contact John Fuchs, Rachel Sterbenz, Emily Crane, or Tate Thompson at 816.421.4460.*