

## Fifth Circuit reinstates injunction on Corporate Transparency Act; reporting requirements on pause

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Reversing an order issued earlier this week, the Fifth Circuit reinstated the nationwide injunction on enforcement of the Corporate Transparency Act, placing reporting requirements back on pause.

On December 26, a merits panel of the Fifth Circuit [reinstated](#) the nationwide injunction on enforcement of the Corporate Transparency Act (**CTA**), vacating a stay of the injunction granted earlier this week by a motions panel of the same court. As a result, reporting requirements under the CTA and Beneficial Ownership Information Reporting Rule (**BOI Reporting Rule**) are once again on pause.

As reported in our previous [client update](#), on December 23, a motions panel of the Fifth Circuit stayed an injunction on enforcement of the CTA and BOI Reporting Rule that was issued earlier this month by the U.S. District Court of the Eastern District of Texas in *Texas Top Cop Shop, Inc. v. Garland*. The stay on the injunction effectively reinstated the CTA's reporting requirements and deadlines, although the Financial Crimes Enforcement Network (**FinCEN**) granted a short extension for certain reporting companies.<sup>1</sup> On December 26, a merits panel of the Fifth Circuit vacated the motions panel's order "in order to preserve the constitutional status quo while the merits panel considers the parties' weighty substantive arguments."

As a result of the Fifth Circuit's ruling, reporting companies are not required to file beneficial ownership information reports with FinCEN. However, it is advisable for reporting companies to continue to assess their beneficial ownership reporting obligations (and collect information as necessary) in order to be in a position to file if and when the injunction is vacated.

Although it is not known how long the injunction will remain in effect, the case is calendared for oral argument en banc on March 25, 2025, so it is likely that the injunction will be effective at least through March. Adding to this uncertainty, there are a number of other cases that have challenged the CTA across the country,<sup>2</sup> and it is possible that the matter will ultimately be reviewed by the Supreme Court. It is also possible that the BOI Reporting Rule will be revisited following the upcoming change in presidential administrations. We recommend that reporting companies continue to monitor for further developments over the coming months.

### Resources for reporting companies

Below we provide a few resources that may be helpful for reporting companies who are continuing to prepare their BOI reports and/or monitor for updates from Treasury and FinCEN:

- [Davis Polk – FinCEN publishes final rule on beneficial ownership](#)
- [Davis Polk – FinCEN releases initial beneficial ownership information reporting guidance](#)
- [FinCEN – Beneficial Ownership Information Frequently Asked Questions](#)

- [FinCEN – Small Entity Compliance Guidance](#)
- [FinCEN – Newsroom](#)
- [Treasury – Press Releases](#)

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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<sup>1</sup> Reporting companies that were created or registered prior to January 1, 2024, were granted until **January 13, 2025**, to file their initial BOI reports. (Reports for these companies were previously due January 1, 2025). Reporting companies created or registered on or after September 4, 2024, that had a filing deadline between December 3, 2024, and December 23, 2024, were granted until **January 13, 2025**, to file their initial BOI reports. Reporting companies created or registered on or after December 3, 2024, and on or before December 23, 2024, were granted an additional 21 days from their original filing deadline to file their initial BOI reports.

<sup>2</sup> See, e.g., *Nat'l Small Bus. United v. Yellen*, No. 5:22-CV-01448, 2024 WL 899372 (N.D. Ala. Mar. 1, 2024).