

Fifth Circuit grants stay of preliminary injunction on enforcement of the Corporate Transparency Act

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The Fifth Circuit granted a stay of the nationwide injunction that paused reporting requirements under the Corporate Transparency Act. As a result, reporting companies are once again required to report their beneficial ownership information to FinCEN, although FinCEN has granted a short extension to the deadline for certain companies.

On December 23, 2024, the United States Court of Appeals for the Fifth Circuit [stayed](#) the nationwide injunction against enforcement of the Corporate Transparency Act (CTA) and Beneficial Ownership Information Reporting Rule (BOI Reporting Rule) that was issued by the U.S. District Court of the Eastern District of Texas earlier this month in *Texas Top Cop Shop, Inc. v. Garland*. As result of the Fifth Circuit's ruling, companies that are subject to reporting requirements under the CTA must once again submit their beneficial ownership information reports (BOI reports) to the Financial Crimes Enforcement Network (FinCEN).

As described in our [client update](#), the District Court enjoined the CTA and the BOI Reporting Rule on December 3, finding both unconstitutional, which paused enforcement of the CTA weeks before the reporting deadline for millions of companies.¹ Following an emergency motion from the Justice Department, a three-judge panel of the Fifth Circuit stayed the injunction pending appeal, finding, *inter alia*, that the government "made a strong showing that it is likely to succeed on the merits in defending CTA's constitutionality."

Following the Fifth Circuit's decision, reporting requirements and deadlines under the BOI Reporting Rule are once again effective. To compensate for the time when the preliminary injunction had been in effect, however, FinCEN is granting a short extension to the filing deadline for certain companies:²

- Reporting companies that were created or registered prior to January 1, 2024, have 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, have 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, have an **additional 21 days** from their original filing deadline to file their initial BOI reports.

While the Fifth Circuit has granted a stay of the preliminary junction, the litigation remains ongoing, and the Fifth Circuit has not formally ruled on the constitutionality of the CTA. In addition, *Texas Top Cop Shop, Inc. v. Garland* is one of a number of other cases that have challenged the CTA across the country.³ The Fifth Circuit's reasoning strongly suggests, however, that the court would uphold the CTA and BOI Reporting Rule when ruling on the merits. In light of the ongoing litigation across the country, it is possible that the matter will ultimately be reviewed by the Supreme Court.

Resources for reporting companies

Below we provide a few resources that may be helpful for reporting companies 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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- ¹ *Texas Top Cop Shop, Inc. v. Garland*, No. 4:24-CV-478, 2024 WL 4953814 (E.D. Tex. Dec. 3, 2024). The District Court's ruling is available [here](#).
- ² The reporting deadline remains the same for companies that are created or registered on or after January 1, 2025, and those companies must file their BOI reports within 30 days receiving notice of their creation or registration.
- ³ See, e.g., *Nat'l Small Bus. United v. Yellen*, No. 5:22-CV-01448, 2024 WL 899372 (N.D. Ala. Mar. 1, 2024).