Proskauer

On Again, Off Again: Corporate Transparency Act Injunction Back in Effect

December 27, 2024

On December 26, 2024, the Fifth Circuit of the United States Court of Appeals vacated the stay of the injunction on the Corporate Transparency Act (the "CTA") that a panel had issued earlier in the week. As a result, the injunction is back in effect and the CTA is not currently enforceable. On December 27, 2024, FinCEN published an alert acknowledging that reporting companies are not currently required to file beneficial ownership information and are not subject to liability if they fail to do so while the court order remains in force. FinCEN indicated that reporting companies may continue to submit beneficial ownership information reports voluntarily.

The CTA requires a range of entities, primarily smaller, otherwise unregulated companies, to file a report with the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") identifying the entities' beneficial owners—the persons who ultimately own or control the company—and provide similar identifying information about the persons who formed the entity. The CTA also authorizes FinCEN to disclose this information to authorized government authorities and to financial institutions in certain circumstances.

The Fifth Circuit took its latest action "in order to preserve the constitutional status quo" while the court considers the merits of the case. The Fifth Circuit will be considering the case on an expedited schedule, with oral arguments currently scheduled for March 25, 2025.

We continue to closely monitor the progress of this case.

Related Professionals

- **Jeffrey A. Horwitz**
  Partner

- **Yuval Tal**
  Partner
- **Robert H. Sutton**
  Partner
- **Seetha Ramachandran**
  Partner
- **Elanit Snow**
  Senior Counsel