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Round and Round We Go: Corporate Transparency Act Remains Stayed for Now, Despite U.S. Supreme Court Ruling

January 24, 2025

On January 23, 2025, the U.S. Supreme Court ruled that the federal government may enforce the Corporate Transparency Act ("CTA") while the Fifth Circuit continues to review a constitutional challenge to the law. Previously, the Fifth Circuit had upheld a Texas district court's injunction of enforcement of the CTA while litigation continued.[1] The Supreme Court's decision does not address the underlying question of the CTA's constitutionality, but permits its enforcement while the legal challenge proceeds. The Fifth Circuit will continue to evaluate the merits of the case, and the matter could ultimately return to the Supreme Court for a final decision on the merits.

Notwithstanding the Supreme Court's findings, a separate injunction issued by a different Texas district court remains in place.[2] As a result, on January 24, 2025, FinCEN announced that BOI reporting remains voluntary pending the resolution of that case.

Adding to the uncertainty of the CTA's future, there are close to a dozen ongoing CTA cases across the country, including on appeal in the Fourth, Ninth and Eleventh Circuits. The various courts that have reached a finding have split in their decisions as to the CTA's constitutionality, making this issue ripe for the Supreme Court's review on the merits.

We continue to closely monitor the status of the CTA.

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[1] *Texas Top Cop Shop, Inc., et al. v. Garland, et al., WL 5049220 (E.D. Tex. Dec. 3, 2024).*

[2] *Smith v. U.S. Dept. of the Treasury*, 2025 WL 41924 (E.D.Tx., Jan. 7, 2025)

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