

## Corporate Transparency Act *Beneficial Ownership Reporting Requirement*

---

### Key Takeaways:

- The nationwide injunction prohibiting enforcement of the CTA was reinstated as of December 26, 2024.
- FinCEN issued a statement noting that while reporting companies may voluntarily submit BOI reports, they are not currently required to do so.

As you may be aware, the Corporate Transparency Act (CTA) requires certain companies – including most small businesses – to provide information regarding beneficial ownership and control. The CTA is part of the Bank Secrecy Act, which is a set of federal laws that require record-keeping and reporting on certain types of financial transactions. The CTA requires disclosure of the beneficial ownership information (BOI) of certain entities from individuals who own or control a company. The intent of the BOI reporting is to help U.S. law enforcement combat money laundering, the financing of terrorism, and other illicit activity.

In December, a federal district court in Texas ruled that the CTA is likely unconstitutional and imposed a nationwide injunction that prohibits enforcement of the CTA and its BOI reporting requirements. The federal government then filed an appeal seeking a stay of the injunction, which was granted on December 23. However, on December 26, the Fifth Circuit Court of Appeals reinstated the injunction “to preserve the constitutional status quo while the merits panel considers the parties’ weighty substantive arguments.” Oral arguments are currently scheduled for March 25, 2025.

On December 31, the federal government filed an appeal with the United States Supreme Court, once again seeking a stay of the nationwide injunction, arguing that it is “vastly overbroad” and “impedes efforts to prevent financial crime and protect national security.” The appeal also notes that two other courts have ruled that the CTA is likely constitutional.

FinCEN issued an alert on January 2, 2025 noting the following:

*“In light of a recent federal court order, **reporting companies are not currently required to file beneficial ownership information with FinCEN and are not subject to liability if they fail to do so while the order remains in force.** However, reporting companies may continue to voluntarily submit beneficial ownership information reports” (emphasis added).*

Prior to the injunction, the filing deadline for companies in existence prior to January 1, 2024, was January 1, 2025. Accordingly, each Reporting Company needs to weigh the risks of reporting or not reporting as the litigation continues to play out. Should you decide to wait, you will need to closely monitor ongoing developments. While FinCEN has made clear that companies will not be subject to fines while the injunction remains in force, it is unclear whether the filing deadlines would be delayed again if the current injunction is lifted. After the original stay was granted, FinCEN delayed the filing deadline to January 13, 2025. Therefore, it is possible there will be a grace period for reporting

companies to file, but there is no guarantee. It would be prudent to ensure you are prepared to act quickly if reporting requirements are reinstated.

Further information about the CTA, BOI reporting requirements, and other important updates can be found on [FinCEN's BOI webpage](#).

***Please note that the CTA falls within Title 31 (Money and Finance) of the United States Code, distinct from Title 26 (Internal Revenue Code). Regulatory authority currently permits accountants limited authority to interpret tax law exclusively under Title 26. The extent of their authority to interpret Title 31 remains unclear. Consequently, services a CPA provides in connection with the CTA may be deemed the unlicensed practice of law. Accordingly, assisting with BOI reporting matters is outside the scope of services JTaylor is authorized to provide. We advise that you consult with qualified legal counsel if you need assistance understanding your filing requirements.***

While we are precluded from providing advice regarding whether specific entities are subject to the BOI reporting requirements, contact one of the following members of our team if you have questions or need assistance finding resources:

- Marc Geisler, CPA – 817.502.7722 / [mgeisler@jtaylor.com](mailto:mgeisler@jtaylor.com)
- Pam Roberts, CPA – 817.502.7730 / [proberts@jtaylor.com](mailto:proberts@jtaylor.com)
- Timothy Liggett, CPA – 817.502.7737 / [tliggett@jtaylor.com](mailto:tliggett@jtaylor.com)