

**Client Alert** | December 24, 2024

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## Fifth Circuit Stays Nationwide Injunction on Enforcement of Corporate Transparency Act, Requiring Compliance; FinCEN Extends Deadline

On December 23, 2024, the Fifth Circuit Court of Appeals (the “Fifth Circuit”) reversed the decision of Judge Mazzant of the United States District Court for the Eastern District of Texas, which issued a nationwide injunction enjoining enforcement of the Corporate Transparency Act (the “CTA”) and the rules promulgated by FinCEN (the “Reporting Rules”). Please see our prior [Alert](#) on the CTA and the Reporting Rules for more information regarding the background and requirements, and our prior [Alert](#) regarding the District Court decision. The CTA and the Reporting Rules require entities formed in the United States or qualified to do business in the United States (“Reporting Companies”) to file certain information regarding their beneficial owners with the U.S. government.

The Fifth Circuit reversed the District Court decision on the grounds that the CTA may very well be constitutional under the Commerce Clause, and stated that “the government has made a strong showing against the Businesses’ facial challenge to the CTA.” The order requires that the appeal be expedited to the next available oral argument panel, after which a final decision on the merits of the case will be issued.

### FinCEN Extension

Promptly following the issuance of the decision, FinCEN posted an update on its [website](#) extending the reporting deadlines as follows:

- Reporting Companies that were created or registered prior to January 1, 2024 have until January 13, 2025 to file their initial beneficial ownership information reports with FinCEN. These companies would otherwise have been required to report by January 1, 2025.
- Reporting Companies created or registered in the United States 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 beneficial ownership information reports with FinCEN.
- Reporting Companies created or registered in the United States 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 beneficial ownership information reports with FinCEN.

In addition, any entities that qualified for disaster relief that already had extended deadlines will still benefit from those extended deadlines to the extent the deadlines fall after January 13, 2025. In the event the relief deadlines fall prior to January 13, 2025, those Reporting Companies will have until January 13, 2025 to comply.

### Next Steps

While it is still possible that the Fifth Circuit will ultimately decide that the CTA is unconstitutional, or that another court hearing a similar challenge will decide a case differently, Reporting Companies are currently required to comply with the CTA within the time frames specified in FinCEN’s alert. Therefore, we are recommending that all entities make efforts to comply with the CTA and the Reporting Rules as soon as possible. We will continue to monitor this case as well as others and provide further updates as they become available.

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## Key Contacts

The Morrison Cohen [Investment Funds & Advisers](#) and [Corporate](#) teams are available to answer any questions regarding the impact of the Fifth Circuit decision and with plans to comply with the Corporate Transparency Act and the Reporting Rules.

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