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Erie • Pittsburgh • Jamestown, NY
814-459-2800 • www.kmgslaw.com

CLIENT ALERT: Fifth Circuit Reinstates Corporate Transparency Act

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CLIENT ALERT: Fifth Circuit Stays Nationwide Preliminary Injunction of Corporate Transparency Act - January 1, 2025 Filing Deadline Reinstated, But FinCEN Issues Notice of Extension of Filing Deadlines

On the afternoon of December 23, 2024, the United States Court of Appeals for the Fifth Circuit reinstated the Corporate Transparency Act's January 1, 2025 filing deadline and stayed the nationwide preliminary injunction of the enforcement of the Corporate Transparency Act (CTA).

As a reminder, the United States District Court for the Eastern District of Texas in *Texas Top Cop Shop, Inc*. granted a preliminary injunction against the enforcement of the CTA's reporting requirements and stayed the original January 1, 2025 filing deadline. In connection with its appeal of that preliminary injunction, the government applied for a stay of the injunction pending its appeal. The Fifth Circuit granted that stay on December 23, 2024. As a result, **the original January 1, 2025 filing deadline is now re-imposed on reporting companies** by the Fifth Circuit's stay of the injunction, unless the entity is exempt.

However, in the evening of December 23, 2024, and acknowledging that reporting companies may need more time to comply with the CTA's reporting requirements in light of the time period the preliminary injunction was in effect, **the Department of the Treasury issued a notice extending the CTA's reporting deadlines.** The extended deadlines are 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. (These are the so-called 90-day entities that are newly formed in 2024 and have 90 days to file their initial beneficial ownership information report.)
- 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.
- Reporting companies that are created or registered in the United States on or after January 1, 2025 have 30 days to file their initial beneficial ownership information reports with FinCEN after receiving actual or public notice that their creation or registration is effective, unless they are exempt.

If a reporting company has already filed an initial beneficial ownership information report and there has been a change in the reported information, an updated report must be filed within 30 days after the change.

As the CTA still remains subject to numerous legal challenges, reporting companies should continue to monitor proceedings in the litigation and any further guidance issued by FinCEN.

If you have any questions or would like more information on the issues discussed in this alert, please reach out to your contact at Knox Law, who can coordinate and assist with the provision of appropriate advice on CTA compliance. Please also visit the FINCEN website, FAQ's and Small Entity Compliance Guide which all provide additional information on the requirements for CTA compliance, as well as guidance on how to register and file your BOI with FinCEN.



Mark A. Denlinger

Mark A. Denlinger concentrates his practice in the areas of business, commercial and tax law; banking and commercial lending; nonprofit and tax-exempt entities; real estate; health law and the healthcare industry; and intellectual property & technology.

mdenlinger@kmgslaw.com • 814-923-4840

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