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BUSINESS & CORPORATE LAW ALERT REGARDING CORPORATE TRANSPARENCY ACT

CTA Enforcement Suspended After Federal Court Ruling

A U.S. District Court issued a ruling this week, which ordered the federal government to suspend the enforcement of the Corporate Transparency Act (CTA) nationwide.

What Happened:

- On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction, which temporarily precludes the enforcement of the CTA.
- The ruling was granted in a lawsuit, which challenged the constitutionality of the CTA, Texas Top Cop Shop, Inc., et al. v. Merrit Garland, Attorney General of the United States, et al.
- In its ruling, the Court granted the nationwide preliminary injunction on the grounds that the CTA is “likely unconstitutional.”

Why it Matters:

- As detailed in our previous alert, the CTA was being enforced by the Financial Crimes Enforcement Network (“FinCEN”).
- FinCEN was requiring businesses to file a Beneficial Owners Information (BOI) report by January 1, 2025.
- Based on the recent preliminary injunction granted by the U.S. District Court, most businesses are no longer obligated to comply with the CTA.
- Businesses that were required to file a BOI report by January 1, 2025, are no longer required to do so.

What's Next:

- The federal government is likely to appeal the U.S. District Court’s ruling.
- Businesses are currently not obligated to comply with the FinCEN’s January 1, 2025 deadline for filing a BOI report. However, the ultimate fate of the CTA has not yet been determined.
- Lipsitz Green Scime Cambria will continue to closely monitor additional court actions regarding the CTA and alert you of any changes to the status of the law.

Additional Concerns:

- New York State has a law in place, the New York LLC Transparency Act (NYLTA), which places reporting requirements on businesses that are similar to the CTA.
- The recent Court ruling regarding the CTA, does not remove a business' obligations to comply with the NYLTA.
- The reporting deadline for the NYLTA is January 1, 2026. [Click here to learn more about the NYLTA.](#)
- The recent preliminary injunction that suspended enforcement of the CTA, applied to business entities created before January 1, 2024. Businesses created on January 1, 2024 or later should carefully examine the potential consequences of not filing a BOI, if enforcement of the CTA is reinstated.

Questions:

- If you have any questions regarding your business' current obligations to comply with the CTA or NYLTA, please contact a member of Lipsitz Green Scime Cambria's Corporate Law Practice Group.