

Business Owner Alert: BOI Reporting Deadline Stayed by Court Order



Craig Cockrell
ccockrell@mwlaw.com
(479) 464.5683

12/09/2024

As discussed in a recent [alert](#), most business entities are required under the Corporate Transparency Act to file a Beneficial Ownership Information Report with FinCEN by December 31st, 2024.

However, a recent federal court order has blocked enforcement of the CTA and delayed the end-of-year deadline. Reporting companies are not currently required to file a BOI report and are not subject to liability if they fail to do so while the order remains in force. Reporting companies may continue to voluntarily submit BOI reports.

FinCEN released the following statement Friday, December 6, 2024, on its website, providing details regarding the pending litigation matter and the preliminary injunction of the CTA (<https://www.fincen.gov/boi>):

“The Corporate Transparency Act (CTA) plays a vital role in protecting the U.S. and international financial systems, as well as people across the country, from illicit finance threats like terrorist financing, drug trafficking, and money laundering. The CTA levels the playing field for tens of millions of law-abiding small businesses across the United States and makes it harder for bad actors to exploit loopholes in order to gain an unfair advantage.

On Tuesday, December 3, 2024, in the case of Texas Top Cop Shop, Inc., et al. v. Garland, et al., No. 4:24-cv-00478 (E.D. Tex.), a federal district court in the Eastern District of Texas, Sherman Division, issued an order granting a nationwide preliminary injunction that: (1) enjoins the CTA, including enforcement of that statute and regulations implementing its beneficial ownership information reporting requirements, and, specifically, (2) stays all deadlines to comply with the CTA’s reporting requirements. The Department of Justice, on behalf of the Department of the Treasury, filed a Notice of Appeal on December 5, 2024.

Texas Top Cop Shop is only one of several cases in which plaintiffs have challenged the CTA that are pending before courts around the country. Several district courts have denied requests to enjoin the CTA, ruling in favor of the Department of the Treasury. The government continues to believe—consistent with the conclusions of the U.S. District Courts for the Eastern District of Virginia and the District of Oregon—that the CTA is constitutional.

While this litigation is ongoing, FinCEN will comply with the order issued by the U.S. District Court for the Eastern District of Texas for as long as it remains in effect. Therefore, reporting companies are not currently required to file their beneficial ownership information with FinCEN and will not be subject to liability if they fail to do so while the preliminary injunction remains in effect. Nevertheless, reporting companies may continue to voluntarily submit beneficial ownership information reports.”

Mitchell Williams will continue to monitor this matter and provide updates as they become available.

