

# U.S. Corporate Transparency Act filings put on hold by nationwide injunction

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On December 26, a panel of judges for the Fifth Circuit Court of Appeals overturned the court's December 23, 2024 decision to stay the nationwide injunction of the Corporate Transparency Act, pending appeal. This latest order once again puts all filing obligations and deadlines required by the Corporate Transparency Act on hold.

The final outcome for the Corporate Transparency Act remains uncertain: the government may petition the full Fifth Circuit to reconsider a stay of the injunction, and may resort to the U.S. Supreme Court for a final ruling. We will continue to monitor events.

Less than one month before the January 1, 2025 deadline for millions of companies to submit their beneficial owners' personal information to the U.S. government for anti-money laundering purposes, a Texas federal court has preliminarily enjoined the Corporate Transparency Act (CTA) nationwide.

## What you need to know

- “Reporting companies” covered by the CTA need not submit beneficial ownership reports pending a further court order to the contrary.
- The ruling enjoins enforcement of the CTA rules and lifts the burden on reporting companies that already have filed from submitting updates within 30 days of a change to the information contained in a filed report.
- An appeal by the U.S. government and further developments are expected, which also could be impacted when the new Trump administration assumes power in January.

## The court's decision

Calling the CTA “quasi-Orwellian”<sup>1</sup>, Judge Amos Mazzant III concluded that the law likely is unconstitutional because, he found, it violates the Commerce Clause by regulating entities regardless of whether they engage in commercial activity. “The fact that a company is a company does not knight Congress with some supreme power to regulate them

in all aspects—especially through the CTA”. A decision from an Alabama federal court earlier this year also ruled the CTA unconstitutional<sup>2</sup>, but enjoined its enforcement only against the parties to that case. An appeal of that separate lawsuit is pending.

As we previously reported in our bulletin, “[U.S. beneficial ownership reporting is almost here](#)”, the rules implementing the CTA require most U.S. corporations, limited liability companies and limited partnerships—and non-U.S. entities registered to do business in the U.S.—to identify the individuals who own 25% or more of such entity or those who exercise what the CTA deems to be “substantial control” of the entity. Each such individual must submit personal information, including birthdate, residential address, and driver’s license or passport information, to the Treasury Department’s Financial Crimes Enforcement Network (FinCEN).

The court’s order stays the January 1, 2025 deadline for entities that existed as of December 31, 2023 to submit their beneficial ownership reports. It also enjoins enforcement of the CTA rules, which require entities formed or registered to do business in 2024 and that are not otherwise exempt, to submit a beneficial ownership report within 90 days of formation or registration (which timing was set to reduce to 30 days beginning January 1, 2025). And it lifts the burden on reporting companies that already have filed from submitting updates within 30 days of a change to the information contained in a filed report.

## What comes next?

On December 26, a panel of judges for the Fifth Circuit Court of Appeals overturned the court’s December 23, 2024 decision to stay the nationwide injunction of the Corporate Transparency Act. This latest order once again puts all filing obligations and deadlines required by the Corporate Transparency Act on hold, pending appeal.

The panel also entered an expedited briefing schedule, with oral arguments to take place on March 25, 2025.

Prior to the court’s latest order, the Financial Crimes Enforcement Network (FinCEN) had extended certain deadlines following last week’s surprise reinstatement of all CTA filing requirements, extending the key January 1, 2025 deadline to January 13, 2025 for all reporting companies existing on or before December 31, 2023.

Uncertainty remains as to the final outcome of these changes. The government may petition the full Fifth Circuit to reconsider a stay of the injunction, and may resort to the U.S. Supreme Court for a final ruling.

### FOOTNOTES

*To discuss these issues, please contact the author(s).*

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