von Briesen
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Corporate Transparency Act Update

Dec 05 2024

Practice Area: Business and Corporate Law & Corporate Transparency Act

On Tuesday December 3, a Federal District Court for the Eastern District of Texas granted a nationwide preliminary injunction against the enforcement of the Corporate Transparency Act and its Reporting Rule.

This order temporarily suspends the requirement for a reporting company organized before January 1, 2024, to file a Beneficial Owner Information Report with FinCEN by January 1, 2025. It also pauses the 90-day reporting deadline for certain organizations formed between January 1, 2024 and December 31, 2024, as well as the forthcoming 30-day reporting deadline for reporting companies organized after January 1, 2025.

The U.S. Department of Justice is expected to appeal this injunction soon. The government may also ask the U.S. Court of Appeals to grant a stay of the injunction. Such action could result in reestablishing the required reporting until the questions around the enforcement of this Act are answered or it could potentially limit the injunction to only the plaintiffs in the Texas case.

We understand that some of our clients may choose to wait to file the Report and to see what may happen in the courts. However, we recommend preparing proactively in case the injunction is overturned or limited and timely reporting is required by January 1, 2025, or shortly thereafter.

We Recommend the Following Options for Clients Who Have Not Yet Filed:

1. **Obtain a FinCEN ID:** If you have not yet applied for a FinCEN ID and would like to streamline the reporting process if the injunction is overturned or limited, then by all means apply now.
2. **Proceed with Filing:** If you are a reporting company and are comfortable completing and filing the organization's Report now while the government's computer system is not being accessed by millions of filers, then by all means do so.
3. **Collect Information:** At a minimum, gather the necessary information to fulfill the reporting requirement so that you are ready if this is resolved in such a way that a short compliance window is imposed.

For Clients Who Have Already Filed:

1. **No Further Action Required:** If you have already submitted your Report, no additional steps are necessary at this time.
2. **Maintain Records:** Ensure that you retain copies of your submission and any related documentation for your records.
3. **Monitor for Changes:** If there have been any changes in the information you reported, consider whether you are comfortable filing an Updated Report within the required 30-day period.

If you have any questions or need assistance, please contact your von Briesen attorney.

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