



CTA Alert

December 2024

I. Recent District Court Ruling

On December 3, 2024, the U.S. District Court for the Eastern District of Texas ruled in *Texas Top Shop, Inc. v. Garland* that the Corporate Transparency Act (“CTA”) is likely unconstitutional. The court issued a *nationwide* preliminary injunction barring the enforcement of the CTA and stated that companies do not need to comply with the CTA’s reporting requirements and deadlines.

II. Current requirements

For the time being, the requirement to comply with the CTA reporting rules, which for most companies had a deadline of January 1, 2025, is paused. Unless the district court’s ruling is overturned, companies are exempt from all requirements of the CTA and do not need to report beneficial ownership information (“BOI”) reports with FinCEN.

FinCEN is still accepting CTA filings, and companies can continue to file BOI reports if they choose. Companies that file reports now will be in compliance if the court’s injunction is overturned.

(For background and more details on the CTA, please see our prior alerts [here](#) and [here](#).)

III. Potential Changes

The injunction will likely not be the final ruling on the constitutionality of the CTA. Other courts have previously upheld the constitutionality of the CTA, and while this Texas district court’s injunction applies nationwide, it may be overturned or appealed. Reporting companies should stay alert to developments and be prepared to file BOI reports if the injunction is lifted. At this time, it is unknown whether the reporting deadline of January 1, 2025 will remain in effect if the CTA requirements are reinstated.

IV. Summary

- Reporting companies are currently exempt from the CTA’s requirement to file BOI reports.
- The district court ruling prohibiting enforcement of the CTA may be overturned or appealed.
- Reporting companies can still file BOI reports with FinCEN to ensure compliance if the reporting requirements are reinstated.

If you have questions or would like more information, please contact [Yitz Weiss](#), [Natanya H. Allan](#), [Benjamin L. Grosz](#), or your primary IPB contact from our [Estate Planning practice](#).