

## ALERTS

## Corporate Transparency Act Update: Supreme Court Stays Nationwide Injunction but Reporting Still Voluntary

January 24, 2025

On Jan. 23, 2025, the US Supreme Court granted the request by the government for a stay of the injunction issued by the US District Court for the Eastern District of Texas in *Texas Top Cop Shop, Inc. v. McHenry* that enjoined enforcement of the Corporate Transparency Act and its implementing regulation (“Reporting Rule”).<sup>[1]</sup> However, on Jan. 7, 2025, a different federal judge in the same district court but in a different lawsuit brought by different plaintiffs issued an order staying the effective date of the Reporting Rule in *Smith v. US Department of the Treasury*.<sup>[2]</sup>

On Jan. 24, 2025, the US Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) clarified on its beneficial ownership information webpage that beneficial ownership information report (“BOI Report”) filings are still voluntary despite the US Supreme Court’s recent action. FinCEN also clarified that reporting companies are not subject to liability if they fail to file BOI Reports while the *Smith* order remains in force.

Accordingly, at this time, BOI Report filings for both existing entities and newly formed/registered entities are voluntary. Clients who defer filing BOI Reports should nonetheless continue to prepare for anticipated BOI Report filings in the event the nationwide stay issued in the *Smith* case is reversed, vacated or otherwise modified.

We will continue to monitor for developments related to the Reporting Rule, including developments related to these cases, and whether the Justice Department, the Treasury Department or FinCEN issues any

additional guidance to assist clients in navigating any BOI Report filing obligations.

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For assistance in navigating the CTA's reporting requirements, please contact one of the authors or your attorney at Schulte Roth & Zabel.

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[1] For more information on the nationwide preliminary injunction, please see our prior *Alerts*: "Corporate Transparency Act Update: Preliminary Injunction Reinstated and Reporting Voluntary Once Again," available [here](#); "Important Update - Corporate Transparency Act: Reporting Reinstated by Appellate Court and FinCEN Extends Deadline to Jan. 13," available [here](#); "Corporate Transparency Act Update: Government Challenges Nationwide Preliminary Injunction & FinCEN Clarifies That Reports Are Voluntary," available [here](#); and "Corporate Transparency Act Update: Nationwide Preliminary Injunction Enjoining Enforcement," available [here](#).

[2] In the same order, the judge also enjoined enforcement of the Corporate Transparency Act but only against the plaintiffs named in the case and their related entities while the case is pending. Although the preliminary injunction only applies to the plaintiffs in that case the stay of the reporting deadlines has nationwide effect and applies beyond the named plaintiffs in that case.

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