

Feb 20, 2025 | New York, NY · New Brunswick, NJ · Madison, NJ

The Corporate Transparency Act - Update - Texas Federal Court Orders Stay of Smith Injunction; CTA Filing Requirements are Reinstated

Alert

On February 18, 2025, a Texas federal court issued an order staying the nationwide preliminary injunction against enforcement of the Corporate Transparency Act and related regulations (collectively, the “CTA”) which had been issued on January 7, 2025 in *Smith v. United States Department of the Treasury, et al.* (E.D. Tex., Case No. 6:24-cv-336). As a result, no remaining nationwide injunctions block the CTA’s enforcement.^[1]

In response, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) announced that CTA reporting requirements are back in effect and reporting is now mandatory, with a new deadline of March 21, 2025 for most companies.

Are reporting companies once again required to file CTA reports?

Yes, reporting companies are once again required to file CTA reports with FinCEN, subject to the extension of the filing deadline as discussed below. Companies that have not yet filed their CTA report should promptly complete their CTA analyses, gather information on beneficial owners, and prepare and file their CTA reports by the updated filing deadline.

What is the revised CTA filing deadline?

The deadline to file initial beneficial ownership information reports with FinCEN is now as follows:

| Year First Formed/Registered | CTA Report Due Date |
|---|--|
| February 19, 2025 or earlier | March 21, 2025* |
| After February 19, 2025 | Within 30 days of formation/registration |
| *Reporting companies that were previously given a reporting deadline later than March 21, 2025 (e.g., if they qualify for certain disaster relief extensions to April) may use that later deadline. | |

Are any other changes going to be made to the CTA rules?

That seems likely in the near future, given recent announcements by FinCEN. In its February 19, 2025 announcement that the *Smith* court’s injunction has been stayed and the CTA deadline has been extended for 30 days, FinCEN further noted as follows:^[2]

"[I]n keeping with Treasury's commitment to reducing regulatory burden on businesses, during this 30-day period FinCEN will assess its options to further modify deadlines, while prioritizing reporting for those entities that pose the most significant national security risks. FinCEN also intends to initiate a process this year to revise the BOI reporting rule to reduce burden for lower-risk entities, including many U.S. small businesses."

Are the CTA's enforceability and filing deadlines now all settled?

That remains to be seen. The CTA has been in a constant state of flux for months now. Trying to follow this unprecedented series of events – the preliminary injunctions in the *Texas Top Cop Shop* and *Smith* cases and the rapidly evolving series of stays and appeals – has at times felt a bit like riding a roller coaster. More twists and turns could certainly arise before this ride is finished. Among other things:

- Neither the preliminary injunctions in the *Smith* and *Texas Top Cop Shop* cases nor their subsequent stays are final decisions as to the merits of the case, and the CTA could still be held unconstitutional if the plaintiffs in either of these cases ultimately prevail on the merits.
- As noted above, FinCEN has signaled that it may modify further filing deadlines and/or reporting requirements for "lower-risk entities".
- On February 10, 2025, the U.S. House of Representatives unanimously passed the Protect Small Business from Excessive Paperwork Act of 2025, H.R. 736, which would delay the deadline for filing of CTA reports until January 1, 2026. A companion bill was subsequently introduced in the Senate.
- Finally, there remain a distinct possibility that President Trump will intervene, perhaps by issuing an executive order that delays or prevents the CTA's enforcement.

Accordingly, companies should remain vigilant as guidance as to the CTA and its enforceability, filing deadlines and reporting requirements continue to evolve.

What if I have legal questions?

Our firm has closely followed the CTA since the regulations were enacted and will continue to monitor it for any updates. If you would like assistance from our law firm, including how the CTA may affect you, please do not hesitate to contact your Windels Marx relationship lawyer or one of the following members of our Corporate and Securities Practice Group: [Charles Damato](#), [Christopher Dean](#), [Benjamin Fink](#), [Jonathan Gray](#), [Gregory Krauss](#), [Jonathan Kret](#), [Michael Moriarty](#), [Robert Rossi](#) or [Robert Schwartz](#).

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[1] As discussed in our previous client alerts, in January 2025 the U.S. Supreme Court issued an order staying the other nationwide preliminary injunction against enforcement of the CTA which had been issued in December 2024 in *Texas Top Cop Shop, Inc. v. McHenry (formerly Texas Top Cop Shop, Inc. v. Garland)* (E.D. Tex., Case No. 4:24-cv-478).

[2] See *Ongoing Litigation – Smith, et al. v. U.S. Department of the Treasury, et al.*, 6:24-cv-00336 (E.D. Tex.):
Corporate Transparency Act reporting requirements back in effect [Updated February 19, 2025]

<https://www.fincen.gov/boi>.
