

SUPREME COURT STAYS INJUNCTION ON THE CORPORATE TRANSPARENCY ACT, BUT EFFECTIVE DATE REMAINS DELAYED NATIONWIDE

Posted on January 27, 2025 by Laura E. Krebs Al-Shathir



Tags: [BOI](#), [Corporate Transparency Act](#), [CTA](#), [FinCEN](#)



On January 23, 2025, the U.S. Supreme Court issued an order staying the injunction that had blocked enforcement of the Corporate Transparency Act (the “**CTA**”) in [Texas Top Cop Shop, Inc. v. McHenry](#) (604 U. S. ____ (2025)) (previously styled *Texas Top Cop Shop v. Garland*). This order would have allowed enforceability of the CTA. However, a separate federal court order in [Smith v. U.S. Department of Treasury](#) (Case No. 6:24-cv-336-JDK), issued prior to the Supreme Court order, delayed the effective date of the CTA, creating a unique legal landscape where the CTA remains unenforceable.

On January 24, 2025, the Financial Crimes Enforcement Network (“**FinCEN**”) clarified the implications of these orders in an announcement on its website. FinCEN stated that Reporting Companies are still not required to file Beneficial Ownership Information (“**BOI**”) Reports at this time. Furthermore, companies will not face liability for failing to file BOI Reports while the order in *Smith v. U.S. Department of Treasury* remains in effect.

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For now, the CTA remains unenforceable nationwide.

What Does This Mean for Reporting Companies?

The CTA, designed to increase transparency and combat financial crimes, requires certain business entities to report their beneficial ownership information to FinCEN. The Act's enforcement has faced legal challenges since its inception, creating uncertainty for affected businesses.

While the Supreme Court's order in *Texas Top Cop Shop* could pave the way for eventual enforcement of the CTA, the order in *Smith* has effectively paused its implementation. As a result, Reporting Companies should carefully consider how to proceed during this period of uncertainty.

What should Reporting Companies do?

Capes Sokol encourages Reporting Companies to evaluate their specific circumstances with legal counsel and consider choosing one of two options:

- **Hold Off on Filing for Now**

Reporting Companies that have not yet filed a BOI Report may choose to delay filing until the enforceability of the CTA is resolved. However, these companies should remain vigilant and prepared to file quickly if the CTA becomes enforceable.

- **Voluntary Compliance**

Companies may also opt to file a BOI Report now, even though enforcement is not currently required.

Stay Informed

Given the rapidly evolving legal landscape surrounding the CTA, it is crucial for businesses to stay informed about updates from FinCEN and relevant court decisions. For the latest information, visit the [FinCEN BOI webpage](#).

Capes Sokol will continue to monitor developments related to the CTA and provide updates on our [CTA Resource Center](#) as new information becomes available.

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