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February 20, 2025

CLIENT ALERT
Corporate Transparency Act:
BOI Reporting Requirements Back in Effect (for now)

Dear Clients and Friends:

As we have covered in prior Client Alerts, over the past few months there have been numerous developments in connection with various pending cases challenging the constitutionality of the Corporate Transparency Act (the "CTA").

Background. A nationwide preliminary injunction was issued by the U.S. District Court for the Eastern District of Texas on December 3, 2024 in the case of *Texas Top Cop Shop, Inc. v. McHenry* – formerly known as *Texas Top Cop Shop, Inc. v. Garland* (see here). That nationwide preliminary injunction was briefly stayed by the motions panel of the Fifth Circuit on December 23, 2024 (see here) and then reinstated by the merits panel of the Fifth Circuit on December 26, 2025 (see here). On January 23, 2025, the United States Supreme Court issued an order once again staying the *Texas Top Cop Shop, Inc.* nationwide preliminary injunction, but because another nationwide preliminary injunction of the CTA had already been issued by the U.S. District Court for the Eastern District of Texas in the case of *Smith, et al. v. U.S. Department of the Treasury, et al.*, the beneficial ownership information ("BOI") reporting requirements remained on hold despite the Supreme Court's ruling (see here).

New Developments. The government has since appealed the ruling in *Smith* and argued that the preliminary injunction should be stayed pending appeal, and on February 17, 2025, the U.S. District Court for the Eastern District of Texas issued an order in the *Smith* case staying the preliminary injunction it had previously imposed on enforcement of the CTA in light of the United States Supreme Court's January 23, 2025 ruling that stayed the similar preliminary injunction in the *Texas Top Cop Shop* case. As a result of this stay, BOI reporting requirements are now back in effect, and FinCEN has announced that the new reporting deadline for most reporting companies is now **March 21, 2025**.

Future Developments. FinCEN has also announced that it will be further reviewing the CTA requirements, prioritizing reporting for those entities that pose the most significant national security risks. As a result of that review, FinCEN may be issuing further updates to the CTA requirements over the next 30 days (which may include additional extensions of BOI filing deadlines for certain reporting companies). Moreover, FinCEN has indicated that it intends to initiate a process this year to revise the BOI reporting rules to reduce the burden for lower-risk entities, including many small businesses. The full notice from FinCEN is available here: https://fincen.gov/sites/default/files/shared/FinCEN-BOI-Notice-Deadline-Extension-508FINAL.pdf. There is also a bill pending in Congress (which has been passed by the House and is now moving to the Senate), which would extend the reporting deadline under the CTA to January 1, 2026.

Action Needed. While there may continue to be further updates regarding the CTA and the BOI reporting requirements thereunder over the next month (and beyond), what all of this means is that, for the time being, unless and until there is further action by the courts, FinCEN or Congress, reporting companies are once again required to comply with the CTA and file BOI reports, with the new filing deadline being **March 21, 2025**.

Please contact your HH&K Attorney with any questions. We will continue to keep you apprised of any further updates regarding these matters.

This Client Alert is not a substitute for legal guidance regarding program details and how those may be applicable to your business. As always, if we can be of assistance with these programs or any other matters, please do not hesitate to contact your HH&K attorney.

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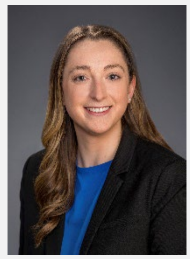

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