

News & Types: Client Advisories

Corporate Transparency Act Injunction Overturned; Businesses Required to File CTA Reports by January 13, 2025

12/24/2024

By: Karl W. Von Drathen, Joshua M. Wilson

Practices: Corporate, Finance & Acquisitions

The Corporate Transparency Act (the “CTA”) is a federal law that went into effect on January 1, 2024, aimed at preventing illegal financial activities by increasing transparency in business ownership. The CTA requires certain companies to disclose information about the company’s “beneficial owners” to the Financial Crimes Enforcement Network (“FinCEN”). A “beneficial owner” is anyone who, directly or indirectly, owns 25% or more of the company or who exercises significant control over it. Reporting companies were required to report their beneficial ownership information to FinCEN no later than January 1, 2025, to avoid penalties.

On December 3, 2024, the U.S. District Court for the Eastern District of Texas granted a nationwide preliminary injunction stating that companies do not need to comply with the CTA’s January 1, 2025 reporting deadline. On December 23, 2024, a 3-judge panel on the United States Court of Appeals for the Fifth Circuit overturned this decision. FinCEN has since announced a deadline extension for reporting companies requiring CTA reports to be submitted by January 13, 2025.

WHAT THIS MEANS FOR YOU

All companies that are required to report their beneficial ownership information must file a CTA report by January 13, 2025.

NEXT STEPS

While this case may be appealed to the entire Fifth Circuit or the U.S. Supreme Court, all companies subject to the reporting requirements of the CTA should prepare and submit a CTA report before January 13, 2025. Masuda Funai will continue to monitor the CTA as further developments unfold and alert you to any changes.

PLEASE CONTACT US FOR ASSISTANCE

If you have any questions about the CTA or its reporting requirements, or if you need assistance in filing your report, please contact us for assistance.

Karl Von Drathen, Principal & Co-Chair
Corporate, Finance & Acquisitions

312.245.7500

kvondrathen@masudafunai.com

Joshua Wilson, Associate

Corporate, Finance & Acquisitions

312.245.7500

jwilson@masudafunai.com

Masuda Funai is a full-service law firm with offices in Chicago, Detroit, Los Angeles, and Schaumburg.