

Small Business Owners Alert: Corporate Transparency Act Reporting Requirements Suspended

December 11, 2024

Update to the Beneficial Ownership Information Reporting Requirements

We want to inform you of a significant development regarding the Beneficial Ownership Information (“**BOI**”) reporting requirements under the Corporate Transparency Act (“**CTA**”).

On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a preliminary injunction in *Texas Top Cop Shop, Inc. et al. v. Garland* which enjoined the enforcement of the BOI reporting rules under the CTA on grounds that the reporting requirements are likely unconstitutional.

In light of this court order, the Financial Crimes Enforcement Network (“**FinCEN**”) has paused the requirements for reporting companies to file their BOI reports. For so long as the Texas court order remains in force, reporting companies will not be penalized if they do not file. However, reporting companies may continue to voluntarily submit BOI reports.

It is important to note that the Texas court order is only a preliminary injunction, meaning that it could be lifted by the court at any time. If that happens, BOI reports may once again be mandatory and reporting companies will be required to file.

What Does This Mean for Your Business?

Because of the Texas court order, your business is not required to submit the BOI report at this time. In the meantime, however, your business should continue to prepare for filing by pulling together the necessary information so that you are ready to file a BOI report if and when the Texas court lifts the order.

What Should You Do Next?

There is no immediate action necessary at this time. However, by ensuring your company’s beneficial ownership information is accurate and up to date, you can comply with the BOI reporting requirements if and when they are reinstated.

We will continue to closely monitor the situation and notify you of any important updates.

Please note this is a general overview of developments in the law and does not constitute legal advice. Nothing herein creates an attorney-client relationship between the sender and the recipient. If you have any questions, please feel free to contact Gabriella Greenhoward at (212) 510-2204 or via email at GGreenhoward@cullenllp.com.

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