

JANUARY 7, 2025

UPDATE REGARDING CORPORATE TRANSPARENCY ACT REPORTING STATUS

Dear Colleagues and Friends,

As promised, we are providing another update regarding the recent developments related to the Corporate Transparency Act (CTA) and the reporting requirement of the Beneficial Ownership Interest Report (BOIR) (see prior email update below).

The CTA, which was introduced last year required millions of businesses to submit detailed reports on their owners and controlling parties (including trustees of trusts, etc.) to the Financial Crimes Enforcement Network (FinCEN). The legal status of this requirement has been fluid, with businesses being told they must comply, then being told they don't, being told again they do, and told yet again they don't. All this back-and-forth has understandably led to confusion and frustration among business owners, legal and tax professionals.

We did not want to bother you with continuous alerts during the holidays as we assumed the back-and-forth nature of the U.S court system decisions would occur. However, rest assured we have and will continue to closely monitor the CTA compliance requirements as impacted by the decisions of the Fifth Circuit as related to the case at issue, Texas Top Cop Shop, Inc. v. Garland.

Currently, as we have predicted, the injunction is back in place and filing a BOIR is not required.

Since our last update on December 4, 2024, the following is a summary of the developments that have occurred:

- December 3, 2024 - Nationwide injunction granted by the Fifth Circuit (included in our previous update)
- December 23, 2024 - Injunction lifted by the Fifth Circuit
- December 24, 2024 - FinCEN extended BOIR filing deadline to from January 1, 2025 to January 13, 2025
- December 26, 2024 - Injunction reinstated by Fifth Circuit pending appeal (oral arguments for appeal set for March 25, 2025); reporting companies are not required to submit BOIR
- December 31, 2024 - Government filed an application to the Supreme Court to 1) lift the nationwide injunction pending resolution of the appeal to the Fifth Circuit, or in the alternative 2) narrow the injunction to apply only to the parties in the case
 - The Government's application may be granted or denied by a single Justice, Alito, who is the Circuit Justice for issues that arise from the Fifth Circuit, or it may be referred by Justice Alito to the full Court
 - The results may be the following:
 - Deny the government's application, which results in the injunction remaining in effect causing the CTA reporting requirements to be unenforceable; or
 - Grant (in whole or in part) the government's application, which may lift the injunction in whole or in part causing the CTA reporting requirements to be enforceable for all (or some)
 - January 10, 2025 - response to application due to Supreme Court

At this time, it is unclear whether the Supreme Court will make a decision prior to the new administration taking office on January 20, 2025. Strazzeri Mancini LLP feels that with all of these variables, the CTA will not continue in this form, but we are watching.

We will continue to monitor the developments related to the CTA closely and provide you updates accordingly.

Sincerely,

Victoria E. Ralis

Attorney & Counselor at Law, CPA