

Bodman PLC

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### The Saga Continues: CTA Requirements are Back in Effect

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A Texas federal judge has ordered a stay of a nationwide injunction that placed the Corporate Transparency Act's ("CTA") filing requirements on hold. **As a result, the CTA's reporting requirements are back in effect.** FinCEN has announced that it will grant a 30-day extension of the CTA's filing deadlines, to March 21, 2025.

The injunction in the Texas case, *Smith, et al. v. U.S. Department of the Treasury*, had previously prohibited enforcement of the CTA's reporting requirements even though the United States Supreme Court ordered a stay of an injunction in a similar case, *McHenry v. Texas Top Cop Shop Inc.*, on January 23<sup>rd</sup>. The Texas judge's February 17<sup>th</sup> order stated that in light of the Supreme Court's previous order in *Texas Top Cop Shop*, he would similarly stay the injunction in the *Smith* case while the parties continue to litigate the constitutional issues in the case.

FinCEN indicated in a notice published on February 18, 2025 that it may grant additional extensions, "recognizing that reporting companies may need additional time to comply with their BOI reporting obligations." Additionally, FinCEN noted that it intends to revise the CTA reporting rules to reduce the burden for "lower-risk entities," including small businesses, and prioritize reporting for "those entities that pose the most significant national security risks."

The CTA still faces legal challenges on other fronts. Litigation in the *Smith* and *Texas Top Cop Shop* cases continues, and suits have been filed in other jurisdictions challenging the CTA's constitutionality. Further, a bipartisan bill recently introduced in Congress would delay the CTA's reporting deadlines for most reporting companies to January 1, 2026. The *Protect Small Businesses from Excessive Paperwork Act* (H.R. 736), was passed unanimously by the U.S. House of Representatives on February 10, 2025.

Given the uncertainty surrounding future reporting deadlines, and the potential penalties for non-compliance, Bodman recommends that entities subject to the CTA resume preparing the required reporting information so that they are in a position to file as the March 21<sup>st</sup> deadline approaches.

Bodman is closely monitoring further developments in this case and will provide more information as it becomes available. For questions regarding the impact of this decision on your company's CTA reporting obligations, please contact your Bodman attorney or one of the authors, Kelsey Doran (734-930-5688 | [kdoran@bodmanlaw.com](mailto:kdoran@bodmanlaw.com)) or Grace Connolly (313-393-7563 | [gconnolly@bodmanlaw.com](mailto:gconnolly@bodmanlaw.com)). Bodman cannot respond to your questions or receive information from you concerning your company's CTA filing obligations without first clearing potential conflicts with other clients. Thank you for your patience and understanding.