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CTA Reinstated; Deadline Extended

The Corporate Transparency Act's reporting obligations are once again in force. For virtually all reporting companies, the new deadline to file an initial, updated and/or corrected beneficial ownership information (BOI) report is now March 21, 2025.

On Feb. 17, 2025, The U.S. District Court for the Eastern District of Texas in *Smith v. United States Department of the Treasury, et al.*, lifted the nationwide injunction it had imposed on enforcement on the CTA, pending the disposition of an appeal before the U.S. Court of Appeals for the Fifth Circuit. The lifting of the injunction was made in light of the U.S. Supreme Court's order of Jan. 23, 2025, in *McHenry v Texas Top Cop Shop, Inc.*, granting the government's application for a stay of an injunction under similar circumstances.

In response the lifting of the injunction, on February 19, 2025, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) announced that for virtually all reporting companies, the new deadline to file an initial, updated and/or corrected BOI report is now March 21, 2025. FinCEN also announced that "in keeping with Treasury's commitment to reducing regulatory burden on businesses, during this 30-day period FinCEN will assess its options to further modify deadlines, while prioritizing reporting for those entities that pose the most significant national security risks. FinCEN also intends to initiate a process this year to revise the BOI

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reporting rule to reduce burden for lower-risk entities, including many U.S. small businesses.”

It should also be noted that the U.S. House of Representatives unanimously passed the Protect Small Business from Excessive Paperwork Act of 2025, which would provide relief to reporting companies formed prior to Jan. 1, 2025, with respect to their initial filing by extending the deadline until January 1, 2026 (but apparently not for entities formed on or after January 1, 2024 which would still be subject to a 30 day reporting deadline). Sen. Tim Scott (R-S.C.) introduced a companion bill in the U.S. Senate, but it is unclear whether the Senate will pass the bill and whether the President would sign it into law.

Reporting companies should continue to monitor developments closely.

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