



Enforcement of Corporate Transparency Act Enjoined By District Court Injunction

Dear Simpson Dattilo Client:

On December 3, 2024, the U.S. District Court for the Eastern District of Texas issued a nationwide injunction which enjoins the enforcement of the Corporate Transparency Act (the “CTA”) and stays all deadlines for compliance with reporting requirements.

The Court ruling reasons that the CTA is likely unconstitutional for compelling beneficial owners to disclose otherwise private information and amounts to Congress overstepping its enumerated powers, infringing upon rights reserved for the States. The full decision of the Court is available [here](#).

The injunction halts the CTA’s implementation and delays the compliance deadline, originally set for January 1, 2025. As a result, Companies are temporarily exempt from compliance until a further ruling from the Fifth Circuit Court of Appeals; nonetheless, the U.S. Department of Justice filed its notice of appeal on behalf of the Department of Treasury on December 5, 2024. This means that the temporary injunction could be lifted by the Fifth Circuit at any time.

Simpson Dattilo will continue to monitor the progression of the case. In the meantime, reporting companies should continue to assemble the information necessary to comply with the CTA should the temporary injunction be lifted or narrowed. If you have specific questions about the impact of the temporary injunction, please contact your Simpson Dattilo attorney or e-mail BOI@simpsondattilo.com.

312-416-1953

www.simpsondattilo.com