

# Client Insight: Corporate Transparency Act Enforcement Remains Suspended

## Insights

January 24, 2025

This client alert is to inform you of the current status of the Corporate Transparency Act (“CTA”) enforcement following recent legal developments. **Despite the Supreme Court’s ruling on January 23, 2025, the CTA is still not enforceable due to a separate federal court order that remains in effect.**

## Recent Developments

On January 23, 2025, the Supreme Court granted the government’s motion to **stay a nationwide injunction** that had been issued by a federal judge in Texas in the case of *Texas Top Cop Shop, Inc. v. McHenry* (formerly, *Texas Top Cop Shop v. Garland*). This action by the Supreme Court would have allowed the enforcement of the CTA to proceed.

However, a separate order from another federal judge in Texas in the case of *Smith v. U.S. Department of the Treasury* is still in place. This order continues to prevent the enforcement of the CTA’s reporting requirements.

## Current Status

As a result of the Smith order, reporting companies are not currently required to file beneficial ownership information with FinCEN. Additionally, reporting companies are not subject to liability for failing to file this information while the Smith order remains in force.

## Voluntary Compliance

Despite the lack of enforcement, reporting companies may choose voluntarily to submit beneficial ownership information reports to FinCEN. This may be considered a proactive measure in anticipation of potential future enforcement of the CTA.

## Recommendations

We advise all reporting companies to stay informed of the ongoing legal proceedings and to prepare for the possibility of the CTA's enforcement in the future. It may be prudent to begin assembling beneficial ownership information to ensure readiness for compliance when required.

Gunderson Dettmer will continue to monitor the situation closely and provide updates as they become available. If you have any questions regarding the CTA and how it may affect your business, please do not hesitate to contact us.

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