

Court of Appeals Reverses its Previous Reversal of the Preliminary Nationwide Injunction on BOI Reporting

Cross References

- *Texas Top Cop Shop, Inc. v. Merrick Garland, Attorney General of the United States*, U.S. Court of Appeals for the 5th Circuit, December 26, 2024

The U.S. Court of Appeals for the 5th Circuit has reversed its previous ruling that reversed the preliminary nationwide injunction on the beneficial ownership information (BOI) reporting rules under the Corporate Transparency Act (CTA).

On December 3, 2024, a federal judge for the Eastern District of Texas issued a preliminary nationwide injunction on the BOI reporting rules and said that the 32.6 million existing small businesses need not comply with the CTA's January 1, 2025 deadline for reporting their BOI to FinCEN. The government filed an emergency motion with the 5th Circuit Appeals Court seeking a stay on that injunction and on December 23, 2024 the court granted the government's motion for a temporary stay pending their appeal.

However, after oral arguments were presented, on December 26, 2024 the 5th Circuit Court of Appeals reversed its previous reversal, meaning the preliminary nationwide injunction on the BOI reporting rules is back in effect.

The FinCEN webpage has yet to acknowledge this recent development, but is likely to bring back its earlier suggestion for companies to voluntarily continue to report until the Appeals Court issues a final ruling.