

FEDERAL COURT CHALLENGES THE U.S. CORPORATE TRANSPARENCY ACT

THE ENFORCEMENT OF THE CORPORATE TRANSPARENCY ACT (“CTA”), WHICH REQUIRES CERTAIN BUSINESS ENTITIES FORMED OR REGISTERED TO DO BUSINESS IN THE UNITED STATES (“REPORTING COMPANIES”) TO REPORT BENEFICIAL OWNERSHIP INFORMATION TO THE TREASURY DEPARTMENT, WAS TEMPORARILY HALTED NATIONWIDE BY A TEXAS FEDERAL COURT ON 3 DECEMBER 2024.

Background on CTA Compliance Requirements

Reporting companies formed before 1 January 2024 were originally required to comply by 1 January 2025, by submitting their initial beneficial ownership information. Reporting companies formed in 2024 had 90 days to report, and beginning in 2025 all new reporting companies would have only 30 days to comply. For more detailed information about the CTA, refer to our Key Facts [here](#).

Court Ruling and Implications

The court concluded that the CTA and the Reporting Rule likely violate constitutional protections, and that Congress lacked the authority to enact the Act. As a result, the court issued an injunction against the enforcement of the Reporting Rule, effectively suspending the year-end compliance deadline nationwide. Click [here](#) to access the full opinion. The Treasury Department has filed an appeal, leaving the appellate court to decide the CTA's constitutionality.

Next Steps for Reporting Companies

For the time being, reporting companies are not required to comply with the CTA by the original deadlines. However, the decision has been appealed, and the circuit court could stay the enforcement of the injunction before year-end. If that happens, reporting companies will need to meet their compliance deadlines immediately. Reporting companies should therefore continue to gather the necessary documentation and be prepared to comply promptly to avoid substantial penalties for non-compliance.

Trident Trust is closely monitoring all legal developments surrounding the CTA, as well as any announcements from the Treasury Department. We will provide timely updates as the situation evolves.

For questions about the CTA or its latest developments, please contact your usual Trident Trust representative or our US Corporate Services [Team](#) at tcsu@tridenttrust.com

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