



Nothing Has Changed with the Corporate Transparency Act

Client Advisories

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On March 1, 2024, a federal district court in Alabama ruled that the Corporate Transparency Act ("CTA") is unconstitutional and enjoined FinCEN from enforcing the CTA against the plaintiffs. We will spare you the details of the court's decision in *National Small Business United v. Yellen*, No. 5:22-CV-1448-LCB, (N.D. Ala. Mar. 1, 2024). However, the injunction applies only to the plaintiffs in the Alabama lawsuit. In this regard, on March 4, 2024, FinCEN issued a press release essentially implying that it will continue to enforce the CTA against everyone except the plaintiffs in the Alabama lawsuit. On March 11, 2024, the U.S. Treasury Department filed an appeal to the U.S. Court of Appeals for the Eleventh Circuit.

We cannot predict how the Eleventh Circuit will decide the appeal, but regardless how it rules, it seems likely that the case will be appealed to the U.S. Supreme Court. In that event, it seems unlikely that the issue would be resolved by the end of the year. Further, the federal court in Alabama provided Congress with an outline on how to amend the CTA to make it constitutional, so that is a possibility.

We do not believe that the CTA will go away, so our advice at this time is as follows:

- If you formed or registered a company in 2024 that is required to file a report with FinCEN, you have 90 days from the date of formation or registration to do so, and you should plan to comply with the CTA.
- If you have a company that was in existence prior to January 1, 2024, you should wait until the fourth quarter of 2024 to file your report. This will give you the benefit of any favorable court rulings or additional guidance from FinCEN. In the interim, you should use this time to gather the information necessary to file the report with FinCEN.

We will continue to monitor the situation and provide updates. For more information on the CTA, please see our client advisory from December 2023, [Understanding Your Obligations Under the Corporate Transparency Act](#).

If you have any questions about the Corporate Transparency Act, please contact **Gianfranco A. Pietrafesa** at gpietrafesa@archerlaw.com or 201-498-8559, or any member of Archer's **Business Counseling Group**.

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