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ALERT

JANUARY 1, 2025 BOI REPORTING DEADLINE REINSTATED

On December 23, 2024, the Fifth Circuit Court of Appeals (the “Fifth Circuit”) granted a motion, filed by the United States Attorney General’s Office, seeking a stay of the District Court’s order, granting a nationwide preliminary injunction of the enforcement of the Corporate Transparency Act (the “CTA”), pending appeal. The stay of the District Court’s prior order means that business entities will once again be required to comply with the CTA and its Beneficial Ownership Information (“BOI”) reporting requirements by January 1, 2025.

In its order the Fifth Circuit held that the government had made a strong showing that it is likely to succeed on the merits in its defense of the constitutionality of the CTA. The Fifth Circuit found that the BOI reporting requirement falls within Congress’ Commerce Clause powers and, as such, the CTA is likely constitutional. While the current order only issues a stay pending appeal, the Fifth Circuit’s order seemingly gives insight into its decision upon the appeal.

As a reminder, compliance with the CTA requires each non-exempt reporting company to report the following information:

1. Reporting Company Information. The background information to be reported for a reporting company is (i) its legal name; (ii) any trade names or “doing business as” names; (iii) the address of its principal place of business in the United States; (iv) its jurisdiction of formation and (v) its IRS-issued taxpayer identification number.
2. Beneficial Owner Information. For each beneficial owner, the reporting company must report (i) the individual’s legal name; (ii) the individual’s date of birth; (iii) the individual’s residential address; (iv) an identifying number from the individual’s driver’s license, passport or other approved identification document; (v) the issuing jurisdiction of the identification document and (vi) an image of the identification document.

Companies who do not comply with the CTA by January 1, 2025, may be subject to civil penalties of up to Five Hundred Dollars (\$500) per day (for each day that violation of the CTA continues) and/or criminal



penalties including, up to two (2) years in prison and/or a fine of up to Ten Thousand Dollars (\$10,000) may be applicable. Further, senior officers of a company may be held *individually* accountable for the company's failure to file the required report.

Brothers Smith LLP would be happy to address any questions or concerns that you may have regarding compliance with the CTA and/or preparation of a Beneficial Ownership Information Report. Please do not hesitate to contact our office if you would like to discuss this matter.



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