



—ALASKA SOCIETY OF CPAs—

Breaking News on Corporate Transparency Act (CTA) Beneficial Ownership Information (BOI) Rule

The CTA was blocked nationwide on Tuesday by a Texas Federal Court.

The U.S. District Court for the Eastern District of Texas has halted the implementation of the CTA BOI reporting requirements. The AICPA is actively engaging with the Financial Crimes Enforcement Network and the U.S. Treasury to obtain further guidance on this injunction. Visit [their website](#) to stay updated.

The injunction was issued in [Texas Top Cop Shop, Inc. v. Garland](#) on behalf of a Texas firearms and tactical gear retailer, Texas Top Cop Shop Inc., among other plaintiff businesses and the Libertarian Part of Mississippi. The lawsuit alleges the CTA falls outside of Congress's powers to regulate interstate and foreign commerce due to the regulation of incorporated entities, regardless of whether they engage in commercial activity.

The CTA required approximately 32.6 million businesses to report their beneficial owners to the Financial Crimes Enforcement Network by 2025, aiming to combat anonymous shell companies, money laundering and other illicit activities. However, the court ruled that while Congress can regulate corporate activity, the CTA oversteps constitutional bounds. The judge stated that the Commerce Clause cannot be used to mandate such disclosures solely for law enforcement purposes, as the CTA does not directly regulate commerce.

To learn more, [click here](#) to view the court docket.

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