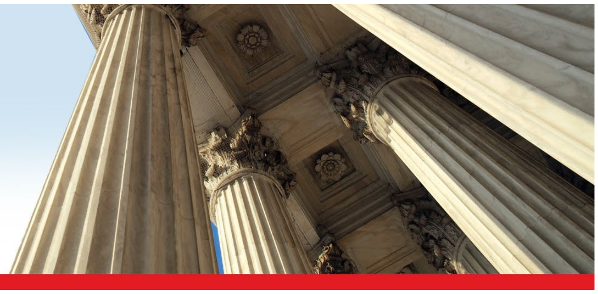

Corporate Law Update

November 2025

New York LLC Transparency Act Scheduled To Take Effect on January 1, 2026

New York has enacted the New York LLC Transparency Act (NY LLCTA), introducing beneficial ownership disclosure requirements for both domestic and foreign limited liability companies (LLCs) doing business in the state, but its potential impact is still undetermined. The law, which takes effect on January 1, 2026, had initially been modeled on the federal Corporate Transparency Act (CTA). In response to legal challenges, FinCEN issued an interim final rule in March that effectively revised the definition of "reporting company" for purposes of the CTA to mean only those entities that are formed under the laws of a foreign country and that have registered to do business in any state, which then exempted all entities created in the U.S. from beneficial ownership information (BOI) reporting requirements. The new definition would also have applied to the NY LLCTA, effectively exempting entities created in the U.S. To prevent this, the New York Legislature in June passed a bill, SB S8432, to replace the definitions of "reporting company," "exempt company," and "beneficial owner" to define them independently from the definitions applied by the CTA, as interpreted by FinCEN. That bill is still waiting for New York Governor Kathy Hochul's signature. In the interim, the New York Department of State has not yet made available to the public an official New York website to accept reports and meaningful guidance on the subject has not been circulated.

Under the NY LLCTA, LLCs formed or registered to do business in New York before January 1, 2026, have until January 1, 2027, to file their initial BOI report. LLCs formed or registered to do business in New York on or after January 1, 2026, must file BOI reports within 30 days of formation or registration.

Who Is Impacted?

The NY LLCTA applies exclusively to LLCs, which is narrower in scope than the CTA, and applies only to LLCs formed in New York and foreign (whether U.S. or non-U.S.) LLCs registered to do business in New York.

What Information Must Be Disclosed?

LLCs impacted by the NY LLCTA must report information for each beneficial owner, including:

- Full legal name
- Date of birth
- Residential or business street address
- A unique identifying number from an acceptable ID (e.g., passport or state-issued driver's license)

A beneficial owner is any individual who either exercises substantial control (e.g., senior officers, directors) over the LLC or owns or controls at least 25% of its ownership interests, directly or indirectly.

Filing Deadlines

- LLCs formed or registered to do business in New York on or before January 1, 2026, must submit the required information by December 31, 2026.
- LLCs formed or registered to do business in New York after January 1, 2026, must submit the required information within 30 days of registration.

Note that LLCs qualifying for an exemption to the reporting requirements must file a formal affirmation of such exemption by the same deadlines referenced above.

Annual Reporting Obligations

All LLCs, whether or not exempt, must file an annual statement confirming or updating:

- Beneficial ownership information
- Principal office address
- Exemption status, if applicable

Noncompliance Penalties

Failure to submit the required information, exemption affirmation, or annual statement within 30 days will result in a "past due" status. If the delinquency continues for two years, the LLC will be designated as such and may face fines of up to $500 per day for each day that its submission is past due.

Confidentiality

Reported BOI will not be accessible by the public at large, as the database will be available only to government and law enforcement agencies under certain limited circumstances.

Recommended Next Steps

Although the NY LLCTA does not become effective until January 1, 2026, and SB S8432 is still awaiting the governor's signature, impacted businesses should take steps to prepare now:

- Evaluate whether the LLC is subject to the NY LLCTA
- Identify all beneficial owners under the revised definitions of the NY LLCTA
- Collect necessary documentation
- Develop a plan for ensuring compliance with ongoing annual reporting requirements

FOR MORE INFORMATION

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