



# Understanding the New York LLC Transparency Act

What Limited Liability Companies Need to Know

# The New York LLC Transparency Act

- Purpose of the Act: Transparency of Ownership
- Scope: NY LLCs and Foreign LLCs doing business in NY
- How? Beneficial Ownership Reports (BORs)
- Who? Beneficial Owners, “Substantial Controllers” and Applicants
- When?
  - Effective Date: January 1, 2026
  - Existing LLCs: January 1, 2027
  - New LLCs: 30 days after formation or applying to do business in New York
  - Once an initial filing (or exemption) has been made with the NYDOS, it must be updated annually

# NYTA vs. Federal Corporate Transparency Act (“CTA”)

- In March 2025, FinCEN suspended filings for all U.S. entities (including LLCs)
- NYTA utilizes CTA definitions and exemptions
- Why does the NYTA focus on LLCs and not also Corporations?

# Beneficial Ownership & Substantial Control

- Individuals who own or “control”, directly or indirectly, 25 percent or more of the LLC’s “ownership interests”
- Individuals who exercise “substantial control”:
  - Senior officer
  - Authority to appoint or remove a senior officer or a majority of the Board or equivalent organ
  - Authority or substantial influence over important matters

# Beneficial Ownership (continued)

The NYTA refers to the CTA in defining ownership interests:

“Ownership interests” are not only equity (i.e. LLC membership interests) but also profit interests, convertible interests, options and “any other instrument, contract, arrangement, understanding, relationship or other mechanism used to establish ownership”

# Applicants

- Individual who “directly” files the document to create or authorize the LLC
- Individual who is primarily responsible for directing or controlling the above filings

# Information Required in the BOR

The Beneficial Owner or Applicant must provide:

- Full name
- Date of birth
- Current residential or business address
- Identifying number from an acceptable government-issued identification document (passport; driver's license)

# Exemptions (You must file attestation!)

The NYTA provides for several exemptions:

- “Large Operating Companies” that:
  - i. maintain an operating presence in the U.S.;
  - ii. have more than 20 full-time employees in the U.S.; and
  - iii. Reported more than \$5 million in gross receipts in their previous year’s tax return
- Issuers of securities registered under Section 12 of the Exchange Act
- Regulated banks, bank holding companies or savings and loan companies
- Broker dealers registered with the SEC under Exchange Act
- Regulated insurance companies
- Investment advisers registered with the SEC and VC fund advisers registered as exempt with the SEC
- Pooled Investment Vehicles managed by the above exempt advisers
- Controlled or wholly-owned subsidiaries of certain exempt entities.

# Exemptions

It is very important to note that:

- Unlike for the CTA, exempt entities must still file an “Attestation of Exemption” with the NYDOS, indicating the basis for their exemption
- Previously existing LLCs are NOT EXEMPT (they have until January 1, 2027 to file)

# Penalties

Although there are no filing fees for a BOR, Companies that fail to comply with the NYTA's requirements risk the following penalties:

- Up to \$500 per day in fines;
- A mark of “Past Due” in public records if non-compliant for at least 30 days;
- A mark of “Delinquent” in public records if non-compliant for at least 2 years; and
- Potential suspension, cancellation or dissolution for ongoing delinquency.
- Most attorneys would claim that an LLC that has not complied with the NYTA cannot be considered in “Good Standing”

# Final Notes

- The NYSOS has not yet published any information on how it will accept filings
- All BORs and Attestations are confidential. They are not public records and do NOT appear on the NYDOS website.
- Governor Hochul has not yet signed the legislation that removes references to the CTA in the Act
- Even if the legislation is adopted, terms including “Substantial Control”, “Ownership Interest” and “Applicant” remain undefined, which leads to uncertainty in how to interpret the Act’s requirements



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