

Select Updates Impacting Family Business Owners

2025 Year-End Estate Planning Advisory

November 19, 2025

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Family business owners are navigating material regulatory and market shifts that affect entity transparency, workforce strategy and generational planning. This section highlights pivotal developments and highlights what matters now for governance, compliance and succession readiness.

Corporate Transparency Act

- **Interim Final Rule:** During Q1 2025, the Financial Crimes Enforcement Network (FinCEN) issued an interim final rule that materially narrowed the Corporate Transparency Act's (CTA) beneficial ownership reporting regime. As a result, at present, only "foreign reporting companies" – entities organized under non-US law that are registered to do business in a US state or Tribal jurisdiction – are required to report to FinCEN. Entities formed under the laws of a US state or Tribal jurisdiction (formerly "domestic reporting companies") are not currently subject to CTA reporting. For more background, see our earlier publication [here](#).
- **Who Must Report:** FinCEN also limited who must be reported. Reporting companies are no longer required to report beneficial owners who are US persons. In effect, the CTA now requires only foreign reporting companies to disclose their foreign beneficial owners. Notwithstanding this contraction, non-exempt foreign reporting companies that failed to file initial reports or timely updates are delinquent.
- This is a significant departure from the CTA's original design. The policy environment remains fluid. FinCEN could reverse course, including by reinstating reporting obligations for domestic reporting companies and/or for US beneficial owners. Businesses should maintain readiness to comply promptly if broader federal reporting returns.

- A comprehensive overview of the CTA detailing Reporting Companies, Beneficial Owners, Company Applicants and Beneficial Ownership Information is available [here](#).

New York LLC Transparency Act

While federal reporting is curtailed for now, states are moving to fill the gap. New York's LLC Transparency Act (NY LLCTA) remains in place and borrows heavily from the CTA's original framework, while differing in important respects. Effective January 1, 2026, the New York law contemplates that all limited liability companies (LLCs) (but not corporations or limited partnerships) doing business in the state – both domestic LLCs as well as those formed in other states that were qualified to do business in New York – will be required to disclose their beneficial ownership information or file an attestation for exemption (similar to under the CTA).ⁱ

Family Businesses and Non-Competes

Last year, the Federal Trade Commission (FTC) adopted a final rule that would have broadly banned employment non-competition agreements; litigation halted enforcement.

- In September 2025, the FTC moved to vacate that rule and is no longer pursuing a nationwide ban on employment non-competes. At the same time, the FTC filed an enforcement complaint against a company's employee non-compete practices, signaling continued case-by-case scrutiny of anticompetitive conduct. State courts and legislatures likewise continue to restrict non-competes.

Planning Note: Family businesses should use this reprieve to audit restrictive covenant programs – non-competes, non-solicits, confidentiality and training-repayment agreements – for compliance with current state law and to fortify alternative protections (e.g., strong trade secret programs, tailored non-solicits and retention strategies).

The Great Wealth Transfer

An unprecedented intergenerational [wealth transfer](#) is underway, with outsized implications for family business owners. Clarity of objectives and early planning will determine whether transitions preserve legacy and generate value.

If continuity is the goal, owners should evaluate the readiness of next-generation leadership, the timing and phasing of management transitions, decision-making and dispute-resolution mechanisms, and the economic alignment between active and non-active family members. If a partial or full exit is contemplated, owners should assess timing, target buyer profiles, pre-sale readiness, team composition and post-sale plans.ⁱⁱ

Key Things to Know

- **CTA status / New York LLC Act today:** Only foreign reporting companies must report, and only their foreign beneficial owners are in scope; domestic entities and US owners are currently out, but this could change quickly.
 - **NY LLCTA compliance:** Starting in 2026, New York–formed and New York-registered LLCs must file beneficial-ownership information or an exemption attestation.ⁱⁱⁱ
 - **Non-compete landscape:** No nationwide ban, but the FTC and states continue to police restrictive practices; ensure policies comply with state law and emphasize trade secret protection.
 - **Succession timing:** Begin documenting business goals, leadership plans and economic frameworks now to capitalize on a favorable planning window and avoid rushed transitions.
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To download a PDF of the entire advisory, [click here](#).

ⁱ Katten received notice on November 10, 2025, from Capitol Services, LLC (a nationwide provider of registered agent, corporate, and lien services) regarding recent guidance from the New York Department of State. According to this guidance, only LLCs formed under the laws of a foreign country and authorized to do business in New York will be subject to beneficial ownership information disclosure requirements under the NY LLCTA. Further communications with the Department of State confirmed that the scope of the NY LLCTA will be significantly narrowed: LLCs formed in New York or in another US state and authorized to do business in New York will not currently be required to disclose beneficial ownership information under the NY LLCTA. Katten is actively working to independently verify this information and will provide an updated advisory as soon as additional details become available.

ii Our team, led by Michael L. Sherlock, is developing a dedicated content series for family business owners to evaluate succession, liquidity and governance alternatives. The series is set to launch in January. To receive this content via email, click [here](#).

iii See Note ⁱ

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Joshua S. Rubenstein
+1.212.940.7150
joshua.rubenstein@katten.com



Ronni G. Davidowitz
+1.212.940.7197
ronni.davidowitz@katten.com



Abby Feinman
+1.310.788.4722
abby.feinman@katten.com



Charles Harris
+1.312.902.5213
charles.harris@katten.com



Tye J. Klooster
+1.312.902.5449
tye.klooster@katten.com



David M. Allen
+1.312.902.5260
david.allen@katten.com



Cynthia Reed Altchek
+1.212.940.6710
cynthia.altchek@katten.com



Diane B. Burks
+1.704.344.3153
diane.burks@katten.com



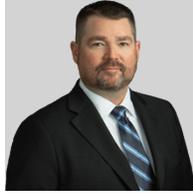
Jonathan C. Byer
+1.212.940.6532
jonathan.byer@katten.com



Bonnie Lynn Chmil

+1.212.940.6415

bonnie.chmil@katten.com



John Collins

+1.469.627.7090

john.collins@katten.com



Adam M. Damerow

+1.312.902.5250

adam.damerow@katten.com



Michael O. Hartz

+1.312.902.5279

michael.hartz@katten.com



Nicholas J. Heuer

+1.312.902.5549

nicholas.heuer@katten.com



Carol A. Johnston

+1.310.788.4505

carol.johnston@katten.com



Louis A. Laski

+1.312.902.5607

louis.laski@katten.com



Benjamin Lavin

+1.312.902.5670

ben.lavin@katten.com



Andrew L. McKay

+1.312.902.5315

andrew.mckay@katten.com



Parker F. Taylor

+1.212.940.8668

parker.taylor@katten.com



Kathryn von Matthiessen

+1.212.940.8517

kathryn.vonmatthiessen@katten.com



Mal L. Barasch

+1.212.940.8801

mal.barasch@katten.com



Lawrence B. Buttenwieser

+1.212.940.8560

lawrence.butenwieser@katten.com



Alexandra Copell

+1.212.940.8588

alexandra.copell@katten.com



Marla G. Franzese

+1.212.940.8865

marla.franzese@katten.com



Robert E. Friedman

+1.212.940.8744

robert.friedman@katten.com



Gale R. Helfgott

+1.212.940.6487

gale.helfgott@katten.com



Stuart E. Grass

+1.312.902.5276

stuart.grass@katten.com



Milton J. Kain

+1.212.940.8750

milton.kain@katten.com



Rebecca H. Lomazow

+1.212.940.6497

rebecca.lomazow@katten.com



Lisa Lukaszewski

+1.312.902.5628

lisa.lukaszewski@katten.com



Kelli Chase Plotz

+1.312.902.5347

kelli.plotz@katten.com



Arnold I. Roth

+1.212.940.7040

arnold.roth@katten.com



Brianna Garland

+1.312.902.5242

brianna.garland@katten.com



Caitlyn E. Jensen

+1.312.902.5293

caitlyn.jensen@katten.com



Jonathan Kohl

+1.312.902.5619

jon.kohl@katten.com



Christina N. Romero

+1.212.940.6380

christina.romero@katten.com



Emily Tuten

+1.212.940.8617

emily.tuten@katten.com

Katie Keating

+1.312.902.5407

katie.keating@katten.com



Caitlin A. Kelly

+1.312.902.5419

caitlin.kelly@katten.com



Avi Pariser

+1.310.788.4514

avi.pariser@katten.com



Michael L. Sherlock

+1.312.902.5643

msherlock@katten.com



Andrew B. Toporoff

+1.212.940.6356

andrew.toporoff@katten.com

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