New York LLC Transparency Act Update

December 5, 2025

This advisory provides a general summary of the New York Limited Liability Company Transparency Act (NY LLCTA) and its requirements and is not intended to, and does not, provide legal, compliance or other advice to any individual or entity. Please reach out to your Katten Muchin Rosenman LLP contact for assistance regarding the application of the NY LLCTA to your specific situation.

The New York Limited Liability Company Transparency Act (NY LLCTA) will become effective on **January 1, 2026**. At a high level, the NY LLCTA shares many of the key components of the federal Corporate Transparency Act and its implementing rules promulgated by the US Treasury Department's Financial Crimes Enforcement Network (FinCEN) (collectively, the CTA). Like the CTA, the NY LLCTA is designed to combat the use of shell companies for illicit activities such as money laundering, terrorism financing and other illegal activities.

Overview

Beginning on January 1, 2026, limited liability companies formed or registered to do business in New York State, unless exempt, will be required to (i) report to the New York Department of State (NYDOS) information about each of its Beneficial Owners and Applicants (as discussed below), and (ii) correct any erroneous information within 90 days of its submission to NYDOS. Unlike the CTA, companies exempt under the NY LLCTA will be required to submit an attestation to claim an exemption. Both exempt companies and companies required to report will need to make an annual filing with the NYDOS, either confirming or updating previously submitted information. Compliance will require a fact-specific inquiry into applicable NY LLCTA requirements, company structures, control features and more. Substantial time and effort may be required to analyze, obtain and report the requisite information.

As discussed below, because the NY LLCTA incorporates by reference the CTA, including its definition of "Reporting Companies," **the NY LLCTA currently is limited solely to non-US limited liability companies registered to do business in New York.** This does not appear to have been the intent of the New York legislature, and there is pending legislation, which, if enacted, would restore the NY LLCTA's scope to limited liability companies formed or registered to do business in New York, whether or not formed in the United States.

Reporting Companies that are in existence on or prior to January 1, 2026, must file their initial beneficial ownership reports or attestations of exemption on or before December 31, 2026. All non-exempt Reporting Companies that file their articles of organization or registration to do business in New York State on or after January 1, 2026, will have 30 days from the date of such filing to submit their beneficial ownership reports or attestations of exemption.

Reporting Companies

The NY LLCTA applies to "Reporting Companies," which are defined as limited liability companies formed or authorized to do business in New York State.[1] An "Exempt Company" is defined to include a limited liability company or foreign limited liability company not otherwise defined as a Reporting Company that satisfies an exemption set forth in the CTA. Exemptions under the CTA include, among others, public issuers, banks, insurance companies and other regulated entities[2].

In defining "Reporting Company," the NY LLCTA incorporates by reference the statutory provisions of the CTA as well as the FinCEN rules promulgated thereunder. In March 2025, FinCEN issued an Interim Final Rule limiting the scope of the CTA solely to foreign (i.e., non-US) Reporting Companies. Consequently, as a matter of statutory interpretation, the NY LLCTA is presently limited solely to foreign limited liability companies registered to do business in New York.

As of the date of this Advisory, limited liability companies either formed in New York or in another state and authorized to do business in New York **will not be required** to disclose beneficial ownership information under the NY LLCTA. This may change in the future (see "Pending Legislation" below).

Reporting Requirements (and Attestations of Exemption)

Each Reporting Company must file with the NYDOS a beneficial ownership disclosure that identifies each "Beneficial Owner" and each "Applicant" (as each term is defined below) of the Reporting Company and the following information in respect of each such person:

- full legal name;
- date of birth;
- current home or business street address;

- a unique identifying number from an unexpired passport; an unexpired state driver's license; or an unexpired identification card or document issued by a state or local government agency or tribal authority for the purpose of identification of that individual.[3]

The NY LLCTA utilizes the definitions of Beneficial Owners and Applicants as set forth in the CTA, as discussed below. The express statutory language of the NY LLCTA does not identify the specific entity-level information, if any, that will be required of each Reporting Company. The CTA requires a non-exempt Reporting Company to report its full legal name, trade or d/b/a names, principal place of business, and unique taxpayer identification number or similar foreign identifier.

Exempt Company will need to file with the NYDOS an attestation statement that includes the specific exemption claimed and the facts on which such exemption is based. This is a material difference from the CTA, under which Reporting Company exemptions are self-executing (i.e., no filing is required).

Unlike the CTA, the NY LLCTA does not provide for an equivalent to the FinCEN ID that would permit a Beneficial Owner or Applicant to maintain a single, updatable profile within the NYDOS system that may be reused across multiple Reporting Company submissions.

Beneficial Owners

The CTA (and therefore the NY LLCTA) defines "Beneficial Owner" to mean any individual (i.e., natural person) who, directly or indirectly, either (i) exercises substantial control over the Reporting Company (the Substantial Control Test) or (ii) owns or controls at least 25 percent of the ownership interests of the Reporting Company (the Ownership Test).

The Substantial Control Test

An individual exercises substantial control over a Reporting Company if such individual:

- serves as a Senior Officer (i.e., any individual holding the position or exercising the authority of a President, Chief Financial Officer, General Counsel, Chief Executive Officer, Chief Operating Officer or any other officer, regardless of official title, who performs a similar function) of such Reporting Company (including, without limitation, a manager in the case of a limited liability company);
- has authority over the appointment or removal of any Senior Officer or a majority of the board of directors (or similar body) of such Reporting Company;
- directs, determines or has substantial influence over important decisions made by such Reporting Company; or
- has any other form of substantial control over such Reporting Company.

Substantial control may be exercised directly or indirectly, and the applicable Reporting Company is required to assess substantial control up its chain of ownership.

The Ownership Test

As noted above, an individual who owns or controls at least 25 percent of the "ownership interests" of a Reporting Company is a Beneficial Owner of such Reporting Company. As used in the CTA (and therefore the NY LLCTA), the term "ownership interest" is broadly construed to include any equity, stock, or similar interest (whether such interest confers voting rights or not), any capital or profit interest, any instrument convertible into ownership interest, any option to purchase or sell ownership interests, or "any other instrument, contract, arrangement, understanding, relationship or mechanism used to establish ownership."

Generally, for purposes of the Ownership Test, an individual may directly or indirectly control an ownership interest through a contract or other relationship, including joint ownership with one or more other persons of an undivided interest through another individual acting as a nominee, intermediary, custodian, or agent on behalf of such individual or through ownership or control of intermediary entities.

Company Applicant[4]

The CTA (and therefore the NY LLCTA) defines "Applicants" to include two categories of persons. A "Category 1 – Direct Filer" is an individual who directly files the document that creates the entity (if a domestic Reporting Company) or registers the entity to do business in the United States (if a foreign Reporting Company). A "Category 2 – Directs or Controls the Filing Action" is an individual who is primarily responsible for directing or controlling such filing. If advisors are engaged to form a Reporting Company on behalf of a client, an Applicant may be an attorney, paralegal or an employee at a business formation service.

Ongoing Obligations

Each Reporting Company and Exempt Company must file with the NYDOS an annual statement (Annual Statement) confirming or updating: (1) its disclosure information; (2) the street address of its principal executive office; (3) status as exempt company, if applicable; and (4) such other information as may be designated by NYDOS. At present, the filing deadline for the Annual Statement has not yet been announced. In lieu of an annual confirmation, the CTA requires any change in reported information to be updated within 30 days of the change.

In addition, if any incorrect information is submitted to the NYDOS, a Reporting Company has 90 days after the submission of such information to make a submission to correct any erroneous information. This 90-day grace period is not available if false or fraudulent information was willfully submitted.

Compliance Deadlines

All non-exempt Reporting Companies in existence on or prior to January 1, 2026, must file their initial beneficial ownership reports or attestations of exemption on or before December 31, 2026. All non-exempt Reporting Companies that file their articles of organization or registration to do business in New York State on or after January 1, 2026, will have 30 days from such filing date to submit their beneficial ownership reports or attestations of exemption.

Confidentiality

Beneficial ownership information submitted to the NYDOS will be kept confidential, subject to certain exceptions, although the NY LLCTA does not provide any specificity as to the procedures to be implemented by the NYDOS. Beneficial ownership information may be disclosed by the NYDOS (i) pursuant to the written request of or by voluntary written consent of the beneficial owner; (ii) by court order; (iii) to officers or employees of another federal, state or local government agency where disclosure is necessary for the agency to perform its official duties as required by statute or necessary to operate a program specifically authorized by law; or (iv) for a valid law enforcement purpose including as relevant to any law enforcement investigation by the New York State Attorney General.

Penalties

Under the NY LLCTA, a Reporting Company or Exempt Company that fails to submit a beneficial ownership report, attestation of exemption or Annual Statement as required may be suspended and prohibited from conducting any business in New York State (although the suspension does not absolve the Reporting Company or Exempt Company from any contractual or other obligations or liabilities to which it is subject or immunize it from suit). In addition, failure to submit a beneficial ownership report, attestation of exemption or Annual Statement for more than 30 days will result in a past-due status in the NYDOS' records, while a failure that continues for more than two years will result in delinquent status.

The New York State Attorney General (NYAG) has expansive authority to enforce the NY LLCTA, including the ability to (i) impose a $500 fine for each day a Reporting Company or Exempt Company is "Past Due," (ii) seek to dissolve or cancel any New York-domiciled Reporting Company or Exempt Company that is delinquent (or seek to annul the authorization to do business of any foreign (i.e., non-New York) Reporting Company or Exempt Company), or (iii) investigate any violation of the NY LLCTA. Unlike the CTA, the NY LLCTA does not provide for criminal penalties.

Filing Mechanics and Interpretive Guidance

As of the date of this Advisory, the NYDOS has not promulgated any regulations implementing the NY LLCTA and the NYDOS has not established a filing portal or released the forms of beneficial ownership report, attestation of exemption or Annual Statement. The NYDOS has indicated that the filing portal will become available on January 1, 2026, and that FAQs are forthcoming.

Because the NY LLCTA incorporates by reference key CTA provisions, including the FinCEN regulations thereunder, it would seem reasonable to take the position that FinCEN's guidance in respect of such provisions may be relied upon to some degree when interpreting the text of the NY LLCTA. For instance, FinCEN has issued a number of FAQs, a Small Entity Compliance Guide and various other interpretive statements that address important aspects of the CTA, including how to assess Substantial Control and to address look-through of Beneficial Owners. The NYDOS has not issued any interpretive guidance in respect of the NY LLCTA. Furthermore, the NYDOS has not indicated whether FinCEN guidance is persuasive.

For this same reason, certain interpretive positions in respect of the CTA adopted by the market generally, including law firms and other industry participants, may or may not hold in respect of the NY LLCTA. For example, a number of law firms have taken the position under the CTA that a special purpose general partner of a commingled investment fund is exempt from the CTA so long as such special purpose general partner is created by an investment adviser registered with the Securities and Exchange Commission and relying on no-action relief that allows such special purpose general partner to piggyback on such adviser's registration.

As with the CTA, all analyses under the NY LLCTA are highly dependent on the specific facts and circumstances, and we would expect NYDOS to provide guidance as the reporting requirements begin to take effect.

Pending Legislation

In response to the Interim Final Rule to the CTA promulgated in March 2025, which narrowed the scope of the NY LLCTA solely to foreign limited liability companies registered to do business in New York, the New York State legislature passed Senate Bill 8432, which removes references to the CTA's definitions and embeds them directly into the NY LLCTA. Senate Bill 8432 is intended to prevent amendments to the CTA at the federal level, specifically to limit the CTA's scope, from also affecting the NY LLCTA. This bill is pending, but as of the date of this Advisory, it has not been signed into law.

1 As a technical matter, the NY LLCTA expressly refers to the definition of "Reporting Company" under the CTA but qualifies this definition as including only limited liability companies formed or authorized to do business in New York.

2 Please refer to Appendix A in our November 2023 Advisory, available at: https://katten.com/action-required-corporate-transparency-act-reporting-is-here

3 Unlike the CTA, the NY LLCTA does not require submission of an image of the document from which a Beneficial Owner's or Applicant's unique identifying number is provided. However, the NY LLCTA prohibits the submission of a false photograph, which may mean that the implementing regulations or filing portal may still require an image. On a related note, the NY LLCTA also references "filing fees" although none are expressly imposed.

4 As a technical matter, the CTA utilizes the term “Company Applicant,” whereas the NY LLCTA uses the term "Applicant."

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