



New York LLC Transparency Act to Take Effect January 1, 2026

The New York LLC Transparency Act (“NYLTA”) was first signed into law on March 1, 2024 and is anticipated to go into effect on January 1, 2026.

The NYLTA applies to both limited liability companies (“LLCs”) formed in New York and LLCs formed elsewhere that are registered to do business in the state of New York. The NYLTA requires that LLCs formed under New York law or registered to do business in New York must file either the required beneficial ownership information (“BOI”) disclosure report or an attestation of exemption with the New York Department of State (the “Department”) on a form to be adopted by the Department.

More detailed information about the compliance process and any amendments that may be advanced via pending legislation is expected before the January 1, 2026 effective date.

Background

The NYLTA is broadly patterned after the Corporate Transparency Act (“CTA”), which came into effect on January 1, 2024 as part of the Anti-Money Laundering Act of 2020 and was designed to combat the deliberate misuse of legal entities and prevent illicit financial activity. Both acts have been discussed in previous RMF Law Alerts (see [here](#) and [here](#)).

Under the CTA, unexempt business owners, investors and advisors are required to report certain information to the Financial Crimes Enforcement Network (“FinCEN”), a bureau of the U.S. Department of Treasury. However, earlier this year, FinCEN suspended the March 21, 2025 filing deadline for U.S. citizens, domestic reporting companies, and their beneficial owners. Subsequently, FinCEN announced that it was issuing an interim final rule (“IFR”) that 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 a U.S. state or tribal jurisdiction by the filing of a document with a secretary of state or a similar office. The IFR is still in effect as of the date of this RMF Law Alert. However, FinCEN announced that it plans to issue a final rule in Q4 of 2025.

The New York LLC Transparency Act

Following the IFR, in June 2025, the New York legislature proposed amendments to the NYLTA that attempted to eliminate some of the logical inconsistencies and ambiguities that would have resulted from cross-referencing the federal CTA. The bill has not yet been signed into law, but is anticipated to be signed by the Governor prior to the January 1, 2026 NYLTA effective date.

Senate Bill 8432 proposes amendments to the NYLTA such that certain terms are no longer dependent on the CTA's definitions.

1. **Definition of Beneficial Owner:** Senate Bill 8432 proposes to amend the definition of "beneficial owner" to mirror the CTA definition rather than simply reference it, such that a beneficial owner is someone who (a) exercises substantial control over the entity; or (b) owns or controls not less than 25% of the ownership interests of the entity.
2. **Definition of a Reporting Company:** Senate Bill 8432 proposes to amend the definition of "reporting company" to no longer merely reference the definition in the CTA but to mean a limited liability company that is either (a) formed by the filing of a document with the New York Department of State, or (b) authorized to do business in the State of New York as a foreign LLC under Article VIII of the New York Limited Liability Company Law.
3. **Exemptions:** Senate Bill 8432 proposes to adopt twenty (20) categories of entities that are exempt from the obligation to file, largely mirroring the twenty three (23) categories of exempt entities contained in the CTA, including (i) "large operating companies" (defined as employing more than twenty full-time employees, having more than \$5 million in revenue, and having a physical office in New York); (ii) companies with an active securities registration statement; (iii) banking organizations; (iv) investment companies; (v) public accounting firms; (vi) tax-exempt nonprofit organizations; and (vii) inactive entities.

Thus, despite the IFR exempting U.S. companies and U.S. persons from reporting their BOI to FinCEN, the **NYLTA survives and will go into effect on January 1, 2026.**

What Does This Mean for Your Company?

Because the NYLTA will take effect on January 1, 2026:

1. LLCs formed in New York or qualified to conduct business in New York before January 1, 2026 must file their initial BOI report by December 31, 2026.
2. LLCs formed in New York or qualified to conduct business in New York after January 1, 2026 must file their BOI report within 30 days of: (a) filing of the entity's articles of organization (for domestic LLCs); or (b) filing of the entity's application for authority (for foreign LLCs).
3. Exempt LLCs must file their attestation of exemption by the same deadlines.

Failure to file or update your BOI report can result in:

1. A “past due” status after 30 days;
2. A “delinquent” status after two years;
3. Initial penalties of \$250 for failure to file or late filings;
4. Fines up to \$500 for each day the LLC is late or delinquent in its filings;
5. Suspension of the LLC’s ability to conduct business in New York; and
6. Potential dissolution or cancellation of the LLC by the New York Attorney General.

It is unclear whether LLCs that are past due or delinquent in their filings will be considered “not in good standing” by banks, lenders, opinion givers, opinion recipients and their counsel, licensing boards, or other authorities. It is also uncertain whether they will be ineligible to obtain a good standing certificate from the Department of State, the New York State Education Department, or other agencies (or if any certificate issued would note the “past due” or “delinquent” status). Finally, it is also unknown whether such LLCs could be barred from bidding on or performing New York State or local government contracts, regardless of whether a standing certificate is issued.

For more information on the deadline and its impact on your LLC, please contact:

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