

## **Alert** | New York Government Law & Policy



**March 2024**

### **NY Gov Signs Amended LLC Transparency Act**

On March 1, 2024, New York Gov. Hochul signed into law chapter 102 of the laws of 2024, which is a chapter amendment<sup>1</sup> to the **New York LLC Transparency Act (NYLTA)**. The amended NYLTA will go into effect Jan. 1, 2026, and requires limited liability companies (LLCs) organized or qualified to do business in New York state to disclose beneficial ownership information to the New York State Department of State (DOS), unless an exemption applies.

#### **Disclosure Requirements**

Unless one of the exemptions<sup>2</sup> apply, all LLCs organized or qualified to do business in New York State must file a beneficial ownership disclosure. Beneficial ownership<sup>3</sup> information includes:

- full legal name;
- date of birth;

<sup>1</sup> Chapter amendments are changes to a bill that are agreed upon by the governor and the Legislature after the bill has already been passed by the Legislature. In exchange for the governor agreeing to sign the current bill into law now, instead of vetoing it, the Legislature agrees to introduce and pass the agreed upon changes as a new bill in the next legislative session. Chapter amendments can be minor technical changes or, as in this instance, substantial changes.

<sup>2</sup> The New York law incorporates all exemptions of the federal Corporate Transparency Act (CTA) enumerated under 31 U.S.C. § 5336(a)(11)(B).

<sup>3</sup> The definition of “beneficial ownership” is defined under 31 U.S.C. § 5336(a)(3) and includes any individual who, directly or indirectly (i) exercises substantial control over the entity; or (ii) owns or controls at least 25% of the ownership interests of the entity.

- current home or business address; and
- unique identifying number from a valid identification document, or a tax identification number.

After the initial disclosure filing, every reporting LLC must file an annual statement confirming or updating all beneficial ownership information with the DOS. DOS will maintain all beneficial ownership information in a secure database, and like the federal CTA, New York's database of beneficial ownership information will remain confidential, with certain limited exceptions for court orders, or where federal, state, or local government entities are required to obtain such information in furtherance of their duties. Information may not be further disclosed by any entity that obtains access to the information.<sup>4</sup>

### Initial Disclosure Timing

**For newly formed LLCs**, a beneficial ownership disclosure must be filed within 30 days of filing the articles of organization or application to do business in New York state.

**For previously formed or authorized LLCs**, a beneficial ownership disclosure must be filed by Dec. 31, 2026.

### Exemptions

Exempt LLCs, which mirror the definitions in the federal CTA, must electronically file an attestation of exemption that includes the specific exemption claimed and the accompanying facts to grant such exemption. An LLC covered by an exemption must annually file a statement with DOS, confirming or updating its status as exempt.

### Violations and Penalties

An LLC that has failed to comply with reporting requirements for more than 30 days will be shown as past due on DOS records, and an LLC that fails to comply with reporting requirements for a period exceeding two years will be shown as delinquent. LLCs that are shown as past due or delinquent may be subject to penalties of \$500 per day and an additional \$250 fine to remove the past due or delinquent status after all filings are made. Upon at least a 30-day notice from DOS, an LLC that has failed to file the reporting requirements may be suspended and will not be allowed to conduct business in New York state until its beneficial ownership disclosure or attestation of exemption has been filed. Additionally, the New York state attorney general may bring an action to investigate, dissolve, or cancel an entity for noncompliance.

### Conclusion

The NYLTA is based on the federal CTA; however, there are notable differences. Please see our [January 2024 GT Alert](#) for details on the federal CTA, which took effect Jan. 1, 2024.

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<sup>4</sup> Section 1107 (f) requires that information be disclosed where the beneficial owner consents, a court orders the disclosure, or when "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 law enforcement purpose, including the office of the attorney general.

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