



# The NY LLC Transparency Act

## Client Advisories

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The federal Corporate Transparency Act ("CTA") became effective on January 1, 2024;<sup>[1]</sup> however, it is not the only legislation requiring the disclosure of a private company's beneficial owners. On December 22, 2023, New York Governor Kathy Hochul signed the New York LLC Transparency Act ("NYLTA"). The NYLTA becomes effective on December 21, 2024.

## Similarities Between NYLTA and CTA

The NYLTA is modeled after the CTA and thereby resembles the CTA in many ways. For example, the NYLTA refers to the definitions of "beneficial owner" and "reporting company" under the CTA. It also refers to the definitions of "initial report" and "exempt company" and adopts the same 23 exemptions from reporting under the CTA. The beneficial ownership information ("BOI") to be filed with the New York Department of State under the NYLTA is essentially the same as the information to be filed with FinCEN under the CTA. In fact, the NYLTA allows a reporting company to submit a copy of its initial report submitted to FinCEN under the CTA to satisfy its reporting requirements under the NYLTA.

## Differences Between NYLTA and CTA

Although there are many similarities between the CTA and the NYLTA, there are some significant differences.

1. *LLCs Only.* One key and obvious difference is the scope of covered entities. The NYLTA applies only to limited liability companies (LLCs) formed or authorized to do business in New York. It does not apply to corporations, limited partnerships, or other types of entities.

2. *Filing by Exempt LLCs.* If an LLC is exempt from reporting under the CTA, it is also exempt under the NYLTA. However, under the NYLTA, an exempt LLC must file a statement signed by a member or manager indicating the specific reporting exemption being relied up on by the LLC.

3. *Reporting Timeline.* The CTA requires a company to file a BOI report 90 days (for a company formed or registered in 2024) or 30 days (for a company formed or registered on or after January 1, 2025) after formation or registration to do business. The NYLTA requires an LLC to file the BOI report at the same time as its formation or registration to do business in New York. LLCs formed or registered in New York prior to December 21, 2024 must file BOI reports by January 1, 2025.

4. *Required BOI.* While the NYLTA requires the disclosure of a beneficial owner's unique identifying number (e.g., driver's license number), it does not require a copy of the document (e.g., driver's license), unlike the CTA, which does require a copy. Unlike the CTA, the NYLTA does not require a beneficial owner's home address; a business address is acceptable. Finally, the NYLTA does not require an LLC to provide BOI about its applicants (e.g., the attorney who formed or registered the LLC).

5. *Penalties.* The penalties for non-compliance with the NYLTA are less severe than those under the CTA. An LLC that fails to file its BOI report for over 30 days will be marked as past due and after two years will be marked as delinquent on the records of the New York Department of State. Presumably, among other things, a delinquent LLC would be unable to obtain a certificate of good standing. However, the delinquency may be remedied by filing a BOI report and paying a civil penalty of \$250. The CTA provides for criminal penalties of up to two years for reporting violations, while the NYLTA does not impose any criminal penalties.

6. *Confidential Information.* Information filed under the CTA is confidential and may be shared by FinCEN only with certain law enforcement agencies. Such information is not available to the public nor discoverable under the Freedom of Information Act. The NYLTA, as originally written, would have made certain information in the BOI report publicly available. However, the Governor and the legislature reached a compromise agreement stipulating that the database should be accessible only to law enforcement agencies. In this regard, by year-end, the NYLTA is expected to be formally amended to keep BOI information accessible only by certain government agencies. Yet, the sponsors of the NYLTA have vowed to reinstate the public availability of BOI information.

We will continue to monitor the NYLTA, as well as the CTA, and report on developments as they arise.

If you have any questions about the New York LLC Transparency Act, please contact [Gianfranco A. Pietrafesa](#) at [gpietrafesa@archerlaw.com](mailto:gpietrafesa@archerlaw.com) or 201-498-8559, [James G. Smith](#) at [jsmith@archerlaw.com](mailto:jsmith@archerlaw.com) or 646-863-4301, or [Zhao Li](#) at [zli@archerlaw.com](mailto:zli@archerlaw.com) or 856-673-7140.

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[1] Please see our advisory on the CTA [here](#).



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