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January 2026

New York Limited Liability Company Transparency Act In Effect As Of January 1, 2026, But Its Applicability Is Currently Limited

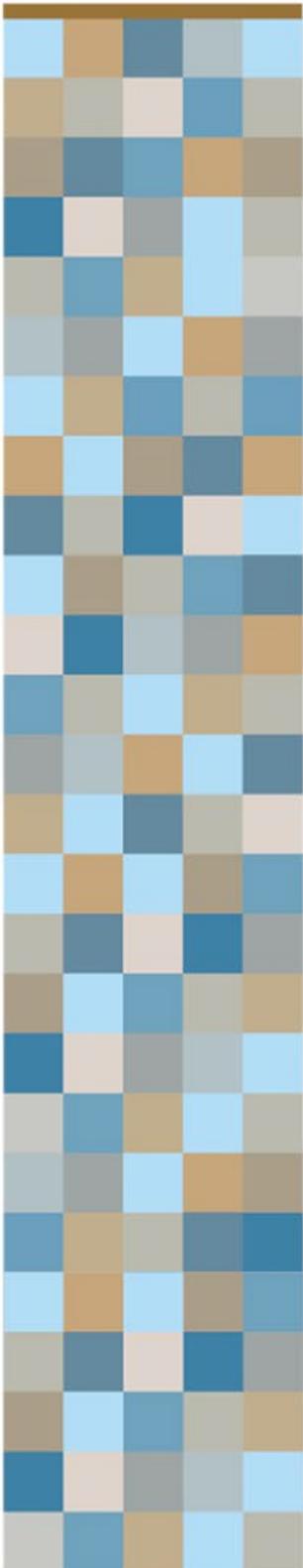
By: Keith Braun

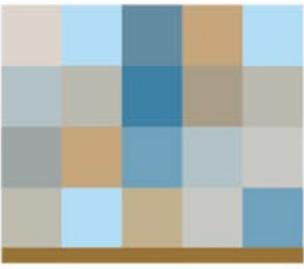
Enacted in late 2023, the New York Limited Liability Company Transparency Act (the “**NYS CTA**”) goes into effect on January 1, 2026. Modeled on the federal Corporate Transparency Act (the “**Federal Act**”), the NYS CTA was intended to impose beneficial ownership information (“**BOI**”) reporting requirements for each limited liability companies (an “**LLC**”) formed or registered to do business in New York State, unless the LLC is exempt from such requirements. Under the NYS CTA, starting on January 1, 2026, LLCs not exempt from the law will be required to file annual BOI statements or exemption statements with the New York Department of State (“**NY DOS**”). The NYS CTA imposes significant penalties for non-compliance, and there are specific deadlines and requirements for reporting.

As passed, the NYS CTA was designed as a state-level version of the Federal Act, which imposed reporting requirements at the federal level. In fact, the NY LLCTA currently incorporates by explicit reference several provisions of the Federal Acts and the federal regulations promulgated thereunder.

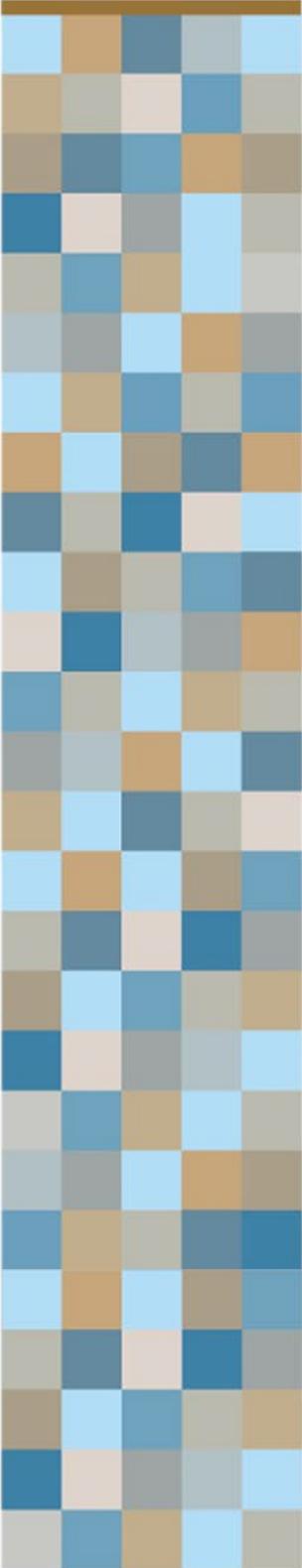
This has created a new loophole that the New York legislature attempted to close last year. The loophole was created when, in early 2025, the U.S. Treasury’s Financial Crimes Enforcement Network (FinCEN) narrowed the Federal Act’s requirements to exclude domestic companies. As the NYS CTA incorporated definitions of “reporting company”, “exempt company”, and “beneficial owner”, FinCEN’s changes resulted in domestic LLCs becoming exempt from BOI reporting obligations. In response to the FinCEN exclusion, New York State’s legislature approved a bill to expand the NY CTA to encompass nearly all LLCs formed or registered to do business in New York, regardless of their jurisdiction of organization/formation. However, on December 19, 2025, New York’s Governor Hochul vetoed the legislation. Accordingly, the NY CTA is back incorporating the Federal Act’s definitions of “reporting company”, “exempt company”, and “beneficial owner”, which results in domestic companies not being subject to the NY CTA, and not required to make any filings with the NY DOS.

Accordingly, the NYS CTA applies solely to foreign LLCs registered to do business in New York, regardless of how long ago the foreign LLC was registered in New York State. Under the new law, non-exempt (*i.e.*, foreign) LLCs must disclose information about each of the





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LLC's "Beneficial Owners" and the filing's "Applicants." The BOI requirements include legal name, date of birth, address, and a unique identification number of each of the LLC's large beneficial owners. The definition of beneficial owner requires a deep dive as to who is the ultimate owners of the LLC. As an example, if a non-exempt LLC is owned by another entity (such as a corporation or even another LLC), the BOI information of the owners of that other entity is required. This continues for each level of ownership, as the intent of both the NYS CTA and the Federal Act was to gather information on the ultimate owners and controlling individuals of subject entities.

Under the NYS CTA as currently in effect, foreign LLCs registered in New York before January 1, 2026 must file an initial report with the NY DOS by December 31, 2026. However, foreign LLCs registered in New York on or after January 1, 2026 must make their filings within 30 days of registration. Foreign LLCs relying on any exemption in the NYS CTA must file an annual "attestation of exemption" confirming status as an exempt entity.

Like the Federal Act, the BOI disclosure requirements include each beneficial owner's legal name, date of birth, current residential address (no post office boxes permitted), and a unique identification number and image from a driver's license or passport.

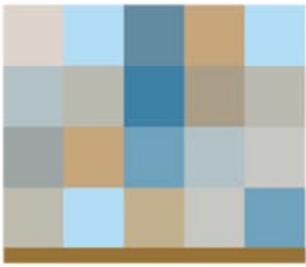
Penalties for failure to comply with the NYS CTA include daily fines up to \$500, suspension of the LLC's ability to do business, potential dissolution, and disqualification from the New York pass-through entity tax deduction.

For non-US LLCs claiming an exemption from the NYS CTA, such LLCs will need to file with the NY DOS 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 Federal Act, under which reporting company exemptions are self-executing (*i.e.*, no filing is required).

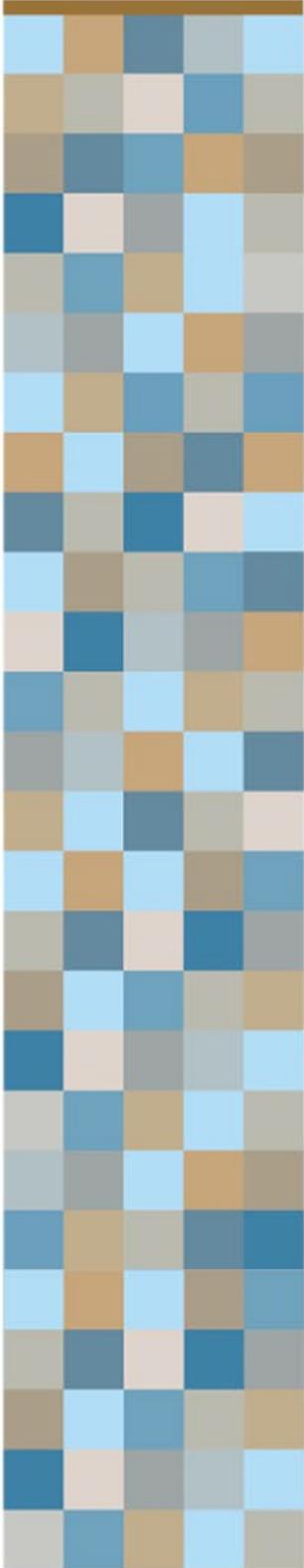
Although currently registered foreign companies have until January 1, 2027, to file their BOI reports, foreign LLCs first registered in New York on or after January 1, 2026, will have only 30 days to file.

Moritt Hock & Hamroff, LLP will continue to monitor developments regarding the NYS CTA and Federal Act and provide appropriate updates as matters evolve.

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