



Department
of State

LOOKING THROUGH NEW YORK'S LLC TRANSPARENCY ACT



EXPLORING THE NEED FOR, CREATION, AND IMPLEMENTATION OF
TRANSPARENT AND ACCOUNTABLE BUSINESS FILING PRACTICES

AUGUST 11, 2025

STATEWIDE GOALS

Modernize Systems

Promote Good Governance

Close Loopholes for Bad Actors

NEW YORK STATE'S LLC **TRANSPARENCY ACT**

(Limited Liability Company Transparency Act)

A Necessary Change to Protect New Yorkers

WHY WE NEEDED CHANGE:

ANONYMOUS LLCs



**LACK OF
OWNERSHIP
TRANSPARENCY**



**LACK OF
ACCOUNTABILITY**

LLC Transparency Act:

Laws of 2023, Chapter 772



WHAT THE LAW DOES



WHAT THE LAW REQUIRES:

- Effective **January 1, 2026**
- Requires non-exempt LLCs to **disclose beneficial owners**
- Applies at **formation** for new entities or by January 1, 2027, for **existing entities**

HOW THE INFORMATION IS USED:

- Creates Secure Database of Beneficial Owners
- Database is **only** accessible to **Law Enforcement**
- Database is **NOT** accessible to the Public

THE DATABASE IS:

SECURE

PROTECTED

ONLY FOR LAW ENFORCEMENT

STRONG PENALTIES FOR NON-COMPLIANCE:

If an LLC fails to make the mandatory disclosure within 30 days of filing:

- The entity will be listed as **past due**

New York Limited Liability Company Law (NY LLC Law) § 1108(a)(1)

- NYS Attorney General can commence civil enforcement proceeding to **assess a fine** of up to **\$500 per day**

NY LLC Law § 1108(a)(2)

- Authority to conduct business in NYS shall be **suspended**

NY LLC Law § 1108(g)

STRONG PENALTIES FOR NON-COMPLIANCE:

If an LLC is listed as past due for more than two (2) years:

- The entity will be listed as **delinquent**

NY LLC Law § 1108(b)(1)

- NYS Attorney General can continue **assessing fines of \$500 per day**

NY LLC Law § 1108(b)(2)

- NYS Attorney General can also seek a court order to **dissolve** or **cancel** the LLC

NY LLC Law § 1108(e)

STRONG PENALTIES FOR NON-COMPLIANCE:

To have delinquent status removed, the company must:

- **Correct** their filing

NY LLC Law § 1108(b)(3)

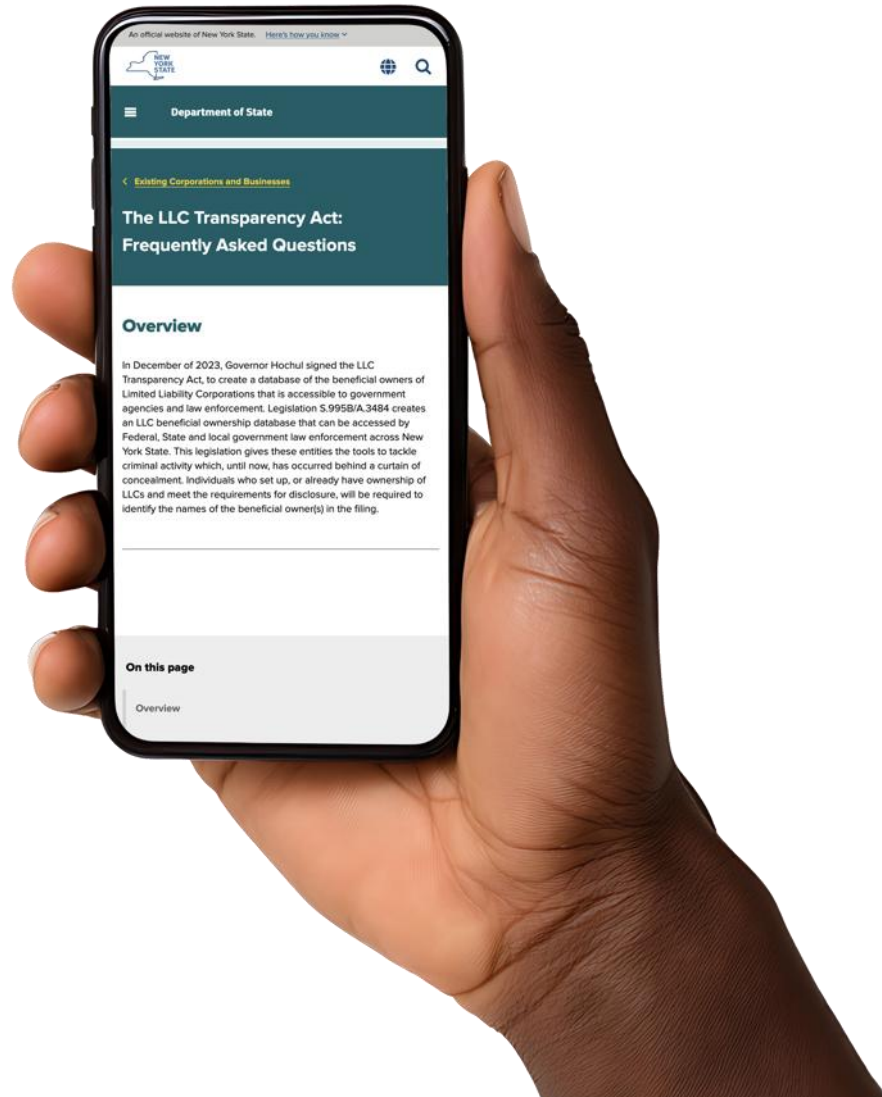
- Get a statement from the NYS Attorney General confirming **payment of fine(s)**

NY LLC Law § 1108(b)(3)

- **Pay a \$250 penalty** to the NYS Department of State

NY LLC Law § 1108(b)(3)

GUIDANCE FOR BUSINESSES:



**NEW YORK STATE
TAKES ACTION AMID
FEDERAL COMPLICATIONS**

FEDERAL RULE CHANGES:

- New York's law built upon the 2021 **Corporate Transparency Act** (the "CTA") which implemented similar disclosure requirements at the Federal level, but which is subject to modification by Federal regulations.

31 U.S.C.A. §§ 5336 et seq. (H. R. 6395—1217)

- In March 2025, the federal government revised the regulations upon which the CTA relied, significantly weakening New York's law by limiting the reporting requirements to LLCs formed under the law of a foreign country that are registered to do business in the United States.

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NEW YORK'S RESPONSE:

On June 17, 2025, the New York State legislature passed S.8432 that would **require non-exempt foreign and domestic LLCs** to report beneficial ownership information to the Department of State.

“Individuals committing unlawful activity should not be able to utilize an LLC as a shield against law enforcement.”

Governor Kathy Hochul





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Questions?