

New York LLC Transparency Act's Effective Date Delayed Until January 1, 2026

As noted in our previous alert on January 22, 2024, the New York LLC Transparency Act (NYLTA) represents a pivotal step in New York State's regulatory landscape, aligning closely with the federal Corporate Transparency Act (CTA). At its core, the NYLTA aims to bolster transparency and combat unlawful activities by requiring the disclosure of beneficial ownership information (BOI) by limited liability companies (LLCs) organized under or operating within New York.

Implementation Timeline

While the NYLTA was initially slated to take effect during 2024, a recent amendment delayed its effective date until January 1, 2026. LLCs formed or authorized to do business before that date will have until January 1, 2027, to make their initial filings. This extension provides reporting entities with additional time to prepare and align their internal processes with the regulatory requirements. New entities, on the other hand, will be required to disclose BOI upon filing the LLC's articles of organization or application for authority.

Disclosure of Beneficial Ownership Information

The NYLTA requires disclosure to the New York Department of State of BOI of any domestic or foreign limited liability company doing business in New York, including full legal names, dates of birth, current business street addresses, and unique identifying numbers from acceptable identification documents.

Differences between the CTA and the NYLTA

The NYLTA is patterned on the CTA. It uses the same definition of beneficial owners, contains the same 23 exemptions, and permits the disclosure to the New York Department of State of the initial report filed under the CTA.

However, the principal differences between the NYLTA and CTA are as follows:

1. The NYLTA only applies to limited liability companies formed or doing business in New York; it does not apply to other types of entities;
2. The NYLTA requires that BOI be provided at the same time as the formation or qualification to do business of a New York LLC, while the CTA currently provides 90 days after formation or registration to file the required BOI;
3. The NYLTA requires that a New York LLC that qualifies for an exemption under the CTA must certify to the New York Department of State the exemption on which it is relying; no such certification is required by the CTA; and
4. Any LLC not otherwise exempt which has failed to comply with the NYLTA for a period exceeding two years and has not complied after receiving a notice of delinquency will be shown as delinquent on the records of the Department of State. Removal of the delinquency is subject to the filing of up to date BOI information and the payment of a civil penalty of \$250.

It is important to remember that the BOI disclosure required under the NYLTA is in addition to and not in place of that required under the CTA and therefore LLCs that are not otherwise exempt need to comply with both regulations and file twice.

Access to Information and Privacy Safeguards

To ensure the integrity and confidentiality of BOI disclosures, the NYLTA restricts access to a secure database accessible exclusively by authorized law enforcement agencies. This approach



Larry P. Laubach

**Co-Chair,
Corporate
Practice Group**

llaubach@cozen.com
Phone: (215) 665-4666
Fax: (215) 701-2346



Beatrice Bottini

Member

bbottini@cozen.com
Phone: (212) 883-2239
Fax: (212) 509-9492

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prioritizes privacy safeguards while facilitating effective oversight and enforcement of regulatory compliance.

As New York prepares to usher in the NYLTA era, reporting entities must engage in proactive measures to understand and comply with the law's intricate requirements.

Cozen O'Connor will monitor further developments and is available to answer any questions on the NYLTA.
