Proskauer

Transparency Required, Clarity Not Included: New York's LLC Reporting Rules May Return (Or Not)

December 23, 2025

New York is preparing to implement the New York LLC Transparency Act ("NY Transparency Act") that will require many limited liability companies ("LLCs") formed or registered to do business in New York to report Beneficial Ownership Information ("BOI") to the New York Department of State. The law represents one of the most sweeping state-level corporate transparency initiatives to date and is modeled closely on the federal Corporate Transparency Act ("CTA").

Although the basic framework of the NY Transparency Act is in place, significant uncertainties remain. Several key provisions relied on definitions tied to the CTA, which itself has been subject to legal challenges, injunctions, and enforcement delays. In March 2025, the Financial Crimes Enforcement Network (FinCEN) revised the CTA reporting rule to completely eliminate BOI reporting requirements for domestic entities and U.S. persons.[1] This change to the CTA reporting rule arguably had the effect of limiting the scope of the NY Transparency Act to foreign persons as well, given the incorporation by reference of certain CTA defined terms. In response, the New York Legislature passed additional legislation intended to clarify key definitions and confirm that the NY Transparency Act applies to domestic entities. Governor Hochul, however, vetoed the bill on December 19, 2025, leaving those definitional issues unresolved and reintroducing uncertainty regarding the scope of application. Notwithstanding this development, the NY Transparency Act is scheduled to take effect on January 1, 2026.

Core Elements of the NY Transparency Act

The NY Transparency Act is intended to deter financial crime and enhance anti-money laundering efforts by increasing transparency regarding LLC ownership. The law requires most domestic LLCs formed under New York State law, and LLCs organized outside of New York that are authorized to do business in the state, to report BOI to a state-administered confidential database.

The law provides narrow exceptions for excluded and exempt entities, which generally track the categories of entities exempt from reporting under the CTA (as in effect prior to the March 2025 FinCEN revisions), including regulated businesses, financial institutions, large operating companies, and tax-exempt organizations. Unlike the CTA, under the NY Transparency Act exempt entities are required to submit a filing disclosing their exemption.

When originally enacted, the NY Transparency Act incorporated by reference the CTA's definitions of "reporting company," "exempt company," and "beneficial ownership." However, following delays and litigation affecting CTA implementation and the March 2025 FinCEN revisions, the New York State legislature passed a bill, SB S8432, intended to separate the NY Transparency Act from federal law and provide independent state-level definitions. With the Governor's veto of the clarifying bill, the NY Transparency Act's applicability to domestic entities remains unresolved.

Clear Intent, Cloudy Execution

The New York Department of State has not issued guidance on how LLCs should comply with the NY Transparency Act. The statute requires annual reporting for all LLCs, including exempt entities, to confirm the accuracy of previously submitted information. However, no standardized forms, instructions, or filing system have been released. The absence of guidance leaves open how information will be submitted, how it will be stored, and how access will be administered. Until the Department of State publishes detailed implementation rules, these uncertainties will remain.

The NY Transparency Act: What Is Certain So Far

As currently enacted, LLCs formed outside the U.S. and registered to do business in New York on or before January 1, 2026, must file their initial BOI report by December 31, 2026. LLCs formed outside the U.S. and registered in New York on or after January 1, 2026 must file within 30 days of formation or authorization. Entities qualifying for an exemption must file an attestation of exemption, supported by a factual certification, by the same deadlines. Any corrections or changes to previously filed BOI reports must be filed within 90 days of such change. The status of domestic LLCs remains unclear. By continuing to reference the definition of "reporting company" in the CTA, the NY Transparency Act appears to exclude domestic entities from both the BOI and exemption attestation requirements.

Failure to meet the filing deadlines will result in an LLC being listed as “past due” and subject to monetary penalties, including $500 per day for ongoing non-compliance and a $250 initial failure-to-file penalty. In more serious cases, the state may pursue additional measures, including suspension or dissolution. Any monetary or other penalties are not expected to be enforced until the official portals and forms are available.

We continue to closely monitor further developments with respect to both the CTA and the NY Transparency Act.

---

[1] See New Interim Rule Removes CTA Reporting Requirements for U.S. Companies and U.S. Persons - Insights - Proskauer Rose LLP

Related Professionals

- **Jeffrey A. Horwitz**
  Partner
- **Yuval Tal**
  Partner
- **Elanit Snow**
  Senior Counsel