

Friday Fast Facts

Corporate Transparency Act/LLC Transparency Act

August 16, 2024

The Corporate Transparency Act (CTA) was passed by Congress to combat terrorism, organized crime, and money laundering. The United States is aligning with other countries that have implemented comparable reporting obligations to enhance transparency and deter criminal activities through shell companies. Under the CTA, specific entities known as "reporting companies" must disclose details about the companies, their beneficial owners, and the individuals who initiated the entity's formation.

All business will be required to report information about the business entity, it's beneficial owners, and the company applicants who have establishes the entity unless exempt by January 1, 2025. Failure to file may result in substantial fines and penalties. This is a one-time filing requirement and there are limited exceptions to the parties who must comply.

Please also note that on March 1, 2024 an amendment was made to the New York LLC Transparency Act (NYLTA). The revised NYLTA will be enforced starting from January 1, 2026. It mandates that limited liability companies (LLCs) operating or registered in New York state must reveal beneficial ownership details to the New York State Department of State (DOS), unless exempted.

Beneficial ownership information includes:

- full legal name
- date of birth
- current home or business address
- unique identifying number from a valid identification document, or a tax identification number

Following the initial disclosure submission, all reporting LLCs are required

to submit an annual statement to the DOS confirming or revising all beneficial ownership details. The DOS will securely store all beneficial ownership data in a database. Similar to the federal CTA, New York's beneficial ownership database will be kept confidential, with specific exceptions such as court orders or government entities needing the information for official purposes. The information cannot be disclosed further by any entity that accesses it.

Exemptions on LLCs must electronically file an attestation of exemption that includes the specific exemption claimed and the accompanying facts to grant such exemption. An LLC covered by an exemption must annually file a statement with DOS, confirming or updating its status as exempt.

List of exemptions linked below: [The 23 Exemptions from CTA](#)



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