

NEW YORK GREENLIGHTS LLC TRANSPARENCY LAW

Social: On the heels of new reporting requirements for the Corporate Transparency Act, the state of New York has made it easier to find out who owns buildings.

New York Democratic Gov. Kathy Hochul has signed into law a bill that will make it easier to find out who owns a building in the state. The [LLC Transparency Act](#), signed on Dec. 23, will allow state agencies and local governments to know who owns anonymous Limited Liability Companies operating in New York.

The Act will also create a database of the beneficial owners of LLCs for the use of government agencies and law enforcement, a contentious point.

The Real Estate Board of New York reportedly opposed creation of the database, telling news outlets it “would create privacy and identity theft risks for New Yorkers and risks weakening New York's economy.” Hochul called the measure “a compromise agreement with the Legislature that will allow members of law enforcement and regulatory authorities to uncover misconduct, while addressing legitimate privacy concerns.”

Initial supporters Assemblymember Emily Gallagher and Sen. Brad Hoylman-Sigal said the bill as signed left out a key point.

“Unfortunately, this law does not create the publicly available database that we fought for and that the Legislature passed with significant majorities,” the legislators announced in a joint statement. “Disclosure to state and local governments is an important first step but it is not transparency.”

Other [critics](#) said the governor “watered down” the bill by compromise, removing all sense of transparency.

Global trend

For the first time, New York authorities will be able to see who owns anonymous LLCs in the state and be able to hold them accountable for violations of the law – including “sanctioned oligarchs buying up Manhattan real estate.”

A new state authority will also be able to pursue and penalize LLCs who refuse to disclose their true owner.

“New York joins the international community and now leads among the states in tackling the rise of secretive shell companies,” Gallagher and Hoylman-Sigel said in their statement.

Gallagher added in news reports that such real estate transparency also exists overseas, notably in London.

Observers said that the information that an affected LLC must provide is essentially the same as the information similar entities will be [required to report](#) to the U.S. Treasury’s Financial Crimes Enforcement Network (FinCEN) under the Corporate Transparency Act.

The CTA mandates that starting this year non-exempt companies divulge information about their beneficial owners (BOI). The requirement is billed as a step to thwart international fraud.

In related developments, [California](#) has also proposed a corporate transparency law.

Clearly a concept that’s been ignited cross-border is taking hold in individual states in the U.S.

Your tax specialist needs to stay on top of this and many other issues of wealth, foreign income and tax enforcement. If we can help, please let us know.