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The End of \$5 Million Dollar All-Cash, Anonymous Real Estate Purchases?

BY REBECCA FLEWELLING • FEBRUARY 9, 2016

According to the NY Times, nearly half of homes nationwide worth at least \$5 million dollars are bought using shell companies, hiding the identity of the individual owner. Just recently a NYC 3-bedroom, four-and-a-half bath home, with a private elevator, sold for \$18.12 million to “LLC, 432 Parkview.”

Many buyers, often foreign buyers, have been using U.S. real estate as a way to shield their money from taxes both overseas and here in the U.S. These buyers purchase real estate using all cash, and reveal very little or no information about themselves. Buyers often use shell companies like limited liability companies or partnerships to hide their entity and protect their money.

These all-cash anonymous purchases may soon be a thing of the past, though. The Treasury Department will now begin identifying and tracking secret buyers of high-end properties, as part of an overall goal to eliminate money laundering. Manhattan and Miami are the two cities that the government will focus on to start.

Beginning in March of this year with transactions over \$3 million, the government will now require title insurance companies to submit information about the buyers to a database that the Treasury will make available to law enforcement. The program will go through a trial period from March until August, 2016, and may become permanent if there is enough evidence of money laundering with the data obtained during the trial period.