



**You have a real estate project.
Then TRACFIN concerns you.**

Read this article and understand why, just like notaries, bankers and other professionals involved in real estate transactions, we as real estate agents (1) are required to ask you for certain documents.

Below you will find the essentials of what a property buyer or seller in France needs to know about Tracfin.

This article may seem slightly heavy... BUT it's the law.

It is important to understand that the request for these documents is not a personal distrust, but a legal obligation to ensure the legality of the transaction and protect everyone involved. Refusing to provide the documents can block the sale or expose all parties to judicial and administrative sanctions.

Each of the following cases will be addressed:

- Requested supporting documents
- Red flags that trigger suspicion
- Consequences
- Advice

Cases covered:

- Purchase by an individual resident in France
- Purchase by an expatriate
- Purchase by a non-resident
- Purchase via a company (SCI, LLC, holding company, foreign company, etc.)
- Tracfin also concerns sellers

What is Tracfin?

Tracfin ("Traitement du Renseignement et Action contre les Circuits FINANCIERS clandestins") is a department of the Ministry of the Economy responsible for fighting:

- money laundering,
- terrorist financing,
- tax fraud.

It does not directly control private individuals, but collects, analyses and transmits suspicious financial information.

Why does Tracfin concern property buyers?

In a real estate transaction, several professionals are required to verify the origin of funds and report any suspicious elements to Tracfin. This is a legal obligation.

The professionals concerned:

- Notaries
- Real estate agents (1)
- Banks
- In some cases: lawyers, accountants, legal representatives

These professionals must perform a **KYC (Know Your Customer)**: identity verification, financial situation, and origin of funds.

Case: Purchase by an individual resident in France

To avoid any suspicion and facilitate the purchase, the buyer must be ready to justify:

1 – Identity

- Valid passport / ID
- Recent proof of address

2 – Origin of funds

Examples of supporting documents:

- bank statements showing accumulated savings and its origin
- sale agreement of a previously owned property
- gift (with notarised deed)
- inheritance (certificate of succession)
- bank loan (loan offer)

The larger the amount, the clearer the justification must be.

Red flags that trigger a Tracfin suspicion

A professional may file a Suspicious Activity Report (DS) if, for example:

- funding comes from a high-risk country or is inconsistent with your situation
- the buyer refuses to provide the requested documents

- the origin of funds is unclear or bank transactions are unusual
- the identity or the purchasing structure appears “overly complex” (e.g., unjustified multi-layered ownership)

➡ A report does *not* prevent the sale, but Tracfin may forward the file to authorities if necessary.

Consequences for the buyer

If everything is clear:

→ No problem.

If serious suspicion exists:

- the sale may be delayed by the notary or even cancelled
- the bank may refuse to release the funds
- in rare cases: tax or criminal investigation

Advice for a resident buyer

- Prepare a complete file on the origin of your funds before signing
- Be transparent with your notary and your bank
- Avoid transfers from multiple accounts or countries without explanation
- Prefer clear banking channels (named transfer from your own account)

Cases: Expatriate buyer, non-resident buyer, or purchase via a company (SCI, LLC, holding, foreign company...)

The Tracfin obligations remain the same, but controls are more in-depth.

A – Purchase via a company (SCI or other)

Professionals (notary, bank, real estate agents) must check:

1 – Identity of the company

- Articles of association
- Kbis excerpt (or foreign equivalent)
- Registered office address

- Authority of the signing representative

2 – “Beneficial owners” (UBO – Ultimate Beneficial Owners)

These are the individuals who:

- hold more than 25% of the capital, or
- have effective control over the company

Even if the purchase is made through:

- an SCI,
- a commercial company,
- a holding company,
- a foreign entity (Luxembourg, UK, USA, Dubai...),

➡ Professionals must trace back to the final physical individuals.

Complex or opaque structures are automatically more sensitive for Tracfin.

3 – Proof of origin of funds

Professionals must understand the source of every euro invested by the company:

- annual accounts / balance sheet (if the company has history)
- company bank statements
- bank loan (loan offer)
- capital contributions / shareholder current accounts
- documents proving the shareholders’ financial contributions

For a foreign company, add:

- equivalent incorporation documents
- identity of directors / UBOs
- proof that funds come from an account in the company’s name

➡ Any personal contribution injected into an SCI or holding must also be traceable.

Red flags for company purchases

- shell company or unclear structure
- unidentified UBOs
- funds coming from high-risk jurisdictions (FATF list)

- inconsistent intra-group transactions
- inactive company financing a major purchase without justification
- refusal to provide financial documents

B – Purchase by a non-resident or expatriate

Non-residents are subject to the same rules, but checks are stricter.

1 – Documents requested

- ID + proof of address in country of residence
- foreign bank statements
- proof of income or activity
- proof of origin of funds (savings, sale, inheritance, bonuses, dividends...)

If documents are in a foreign language → a certified translation is often required.

Funds must come from:

- an account in your name
- a cooperative (transparent) country according to FATF

2 – Special cases: payment from an account outside the EU

More controls apply if funds come from:

- UAE
- UK (post-Brexit)
- USA
- Switzerland
- Asia
- Africa

This is not banned, but professionals must justify:

- consistency of amounts with your income/wealth
- legitimacy of the bank account
- tax transparency

C – Non-residents buying via a foreign company

If you buy through a company *and* you are non-resident:

- double verification (UBO + origin of personal or corporate funds)
- higher risk of reporting if the structure is complex or the country is non-cooperative
- many documents may be required (certificate of incorporation, ownership chart, balance sheets, bank attestations, etc.)

Advice to avoid problems

- Prepare a complete file early
- Provide a clear ownership structure when buying via a company
- Transfer funds from *one* clearly identified account
- Avoid multiple or unexplained transfers
- Ask your bank for an “origin of funds” letter if needed
- Be coherent: buying €1.5M with low declared income triggers automatic checks, even if the funds are clean

Tracfin also concerns sellers

A – Why is a seller concerned by Tracfin?

Real estate can be used to launder money or hide assets, so professionals must also monitor the seller.

A notary or a real estate agent (1) may file a suspicious activity report regarding:

- the origin of the seller’s funds (e.g., shady initial acquisition),
- the sale price (under- or over-valued),
- the seller’s structure (opaque company),
- inconsistencies in identity or documents.

B – What sellers must provide

- Valid ID (ID card / passport)
- Proof of ownership:
 - title deed

- mortgage statement
- additional evidence (e.g., unregistered succession)

Explanations for an unusual price

Such as:

- very large capital gain
- sale price far from market value

This is not a problem if justified (renovations, rare property, unique local market).

For a selling company:

- Articles of association
- Kbis
- UBO identification
- Proof of representative's authority

C – When can Tracfin suspect a seller?

Examples of red flags

Suspicious identity or documents:

- doubtful or inconsistent identity documents
- refusal to provide documents

Incoherent price:

- excessively low sale price
- excessively high price without justification

→ These may indicate hidden money transfers, disguised gifts, or money laundering.

Opaque selling company:

- shell company
- untraceable shareholding
- registered in a high-risk country

Unclear origin of ownership:

- unjustified initial acquisition

- previous purchase made with suspicious funds

Unusual behaviour:

- seller rushing to conclude the sale at any cost
- reluctance to use a notary
- request for cash payment (illegal) or unusual payment channels

D – Can a seller get into trouble?

Tracfin does not contact the seller directly. However:

- the sale may be delayed for additional checks, or cancelled
- in case of serious suspicion, Tracfin may refer to tax, judicial or customs authorities
- an investigation may be opened if the sale appears linked to an offence

The seller is not at risk if everything is transparent and documented.

Best practices for sellers

- Prepare proof of ownership (title deed, previous acts)
- Explain any unusual situation (atypical price, complex succession, unique acquisition circumstances)
- Willingly provide identity documents
- If selling through a company, prepare a clear ownership chart and legal documents
- Avoid anything that could appear opaque (unjustified foreign transfers, refusal to answer notary questions, etc.)

(1) Real estate agents and independent advisors operating under the agency's transaction licence ("carte T").