

## Carey Pensions UK

# Commercial Property Purchase

### via UK Pension Schemes (SIPP & SSAS)

The Carey Pension SIPP and SSAS are able to invest in commercial property or land and benefit from rental income and long term capital gains.

It is possible for the SIPP or SSAS to fund the development and refurbishment of commercial property or land.

The property can be located in the UK or even abroad, providing the territory recognises a UK pension scheme as a legal owner and permits investment from overseas.

The SIPP or SSAS can hold Freehold and Leasehold commercial property.

It is possible for the SIPP or SSAS to register for VAT and Opt to Tax a property, allowing it to reclaim the VAT paid on purchase or development costs. VAT must then be charged on the rents.

Commercial property held in a pension scheme is tax exempt. There is no income tax on incoming rents and no capital gains tax on increases in value.

A SIPP or SSAS may borrow up to 50% of its net asset value to assist with the purchase and development of commercial property and land.

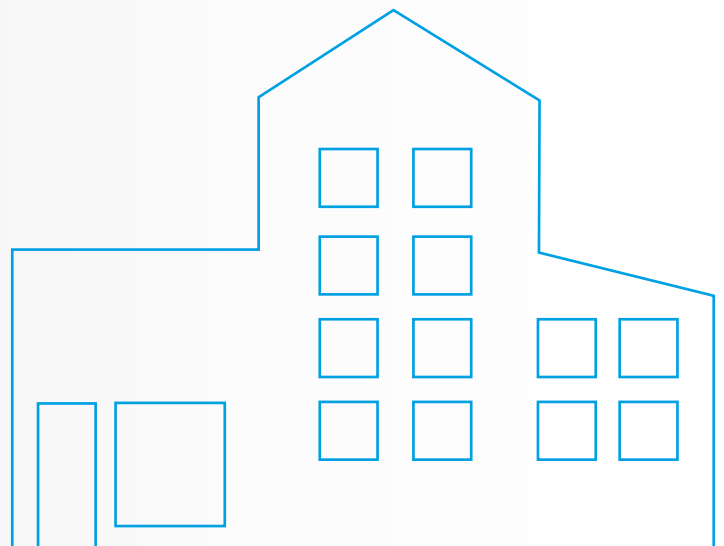
Rents generated from property holdings can be used to meet mortgage repayments, accumulate for future investment, or fund the payment of benefits to members/beneficiaries.

It is possible for a SIPP or SSAS to co-own a property with one or more other parties (connected or third party) and this may include another pension scheme.

Syndicated holdings are also possible for larger scale acquisitions.

Property may be acquired from various sources, including the member, their family or their business.

*Carey Pensions UK has a dedicated Property Team, whose technical specialists support each property transaction through to completion.*



## Carey Pensions UK for Property Services

Property transactions within pension schemes can be complex and Carey Pensions UK has a wealth of experience in this specialist area.

Our dedicated professional team of highly experienced administrators and technical specialists will support and guide you every step of the way with your purchase and the ongoing administration of the property in our pension schemes.

Our aim is to minimise any complications or confusions and ensure a smooth and straightforward transaction.

Carey Pensions UK specialise in commercial property purchases from single member investments to multiple purchasers via property syndicates.

Our specialist team will be happy to assist with any queries and discuss any proposed purchases you are considering.

## Property transactions

Carey Pensions UK can support:

- Purchases
- Sales
- Development, and
- Transfers in specie

## Standard property types

The following investments would not typically attract tax charges:

- Offices & Retail Outlets
- Warehouses & Factory Units
- Car Parks
- Commercial Land and Forestry
- Garden Centres
- Doctors and Dental Surgeries
- Legal and Veterinary Practices
- Hotels and Public Houses

## Residential property

Direct ownership in residential property is taxed by HMRC. This includes, but is not limited to:

- Houses and Apartments
- Residential Ground Rents
- Holiday Homes and Villas
- Residential Buy to Lets
- B&B's and some Guest Houses

HMRC define two categories of permitted 'Job Related' residential property that will not be subject to the tax charges, but these are restrictive and extreme care should be taken.

## Types of purchase

### SINGLE OWNERSHIP

Where a single pension scheme purchases the property

### CO-OWNERSHIP

Where the pension scheme joins with at least one other party to buy a share of the property in line with their financial contribution. Other parties could include the member, their family or business, other pension schemes or third parties

### SYNDICATE

This is where a large group (10 or more) of our SIPP members join to purchase a property in full or part. The other part could be owned by external pension schemes, or a group of individuals (which may invest through an LLP arrangement)

For multi-owned or multi-tenanted properties, we may insist on the use of a professional property management company.

## Borrowing

A SIPP or SSAS may borrow up to 50% of its net asset value to assist with the purchase of property. This could be from a commercial lender, a third party, or even the pension scheme member (provided borrowing is taken on commercial terms).

## Parties involved

- Trustees & Scheme Administrator
- Solicitor
- Professional Advisers (optional)
- Property & Environmental Surveyors
- Lender (if applicable)

## Timescales and costs

Typical timescales are 8-12 weeks from the date a solicitor is appointed to completion, however, some transactions can take considerably longer.

Our standard charges are detailed on our SIPP and SSAS Fee Schedules. Fees for purchasing overseas property will be significantly higher.

All of the usual professional and legal fees and disbursements will be payable by the pension scheme (including Stamp Duty Land Tax).

## Insurance

All properties must have appropriate levels of commercial property insurance in place prior to any transaction being completed.

## VAT

When a property is Vatable Carey Pensions UK will register the property for VAT and prepare the ongoing VAT returns.

## Property valuation

We insist on a full survey and valuation report from a RICS registered surveyor, regardless of who we are transacting with. When transacting with a connected party, the price paid (and rent charged) must match the open market capital (and rental) valuation.

A full reinstatement value is required for insurance purposes.

A valuation would be required again either at Lease Review or if a further transaction on the property requires it.

## Environmental (and other) searches

Before agreeing to any purchase, we insist on there being a clean Environmental Report.

Prior to exchange, we insist on a full Report on Title from the appointed Solicitor to confirm the Trustees will receive good and marketable title on completion.

## Overseas property

A solicitor will need to be appointed in both the county of origin and the UK and all communications with us must be in English.

## Flexibility

A member can request that their preferred professional contacts, such as solicitors, valuers, lenders etc can be used. Each request would be reviewed by the Trustees who would satisfy themselves that the proposed parties had the relevant experience.

A member could request to use the Carey Pensions UK preferred partners.

## Contact us

For more information contact  
our Team in Milton Keynes

**01908 336010**

For email enquiries please send to  
[enquiries@careypensions.co.uk](mailto:enquiries@careypensions.co.uk)

CAREY PENSIONS UK ARE NOT REGULATED TO GIVE FINANCIAL ADVICE AND WILL PURELY BE PROVIDING ADMINISTRATION AND TRUSTEE SERVICES.  
TO BE READ IN CONJUNCTION WITH THE FEE SCHEDULE.

Carey Pensions UK LLP Registered Office: 1st Floor Lakeside House Shirwell Crescent Furzton Lake Milton Keynes MK4 1GA United Kingdom

**T:** +44 (0)1908 336010 **F:** +44 (0)1908 506169 **E:** [enquiries@careypensions.co.uk](mailto:enquiries@careypensions.co.uk) **W:** [www.careypensions.co.uk](http://www.careypensions.co.uk)

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