

## **PROPERTY PURCHASE VIA A SSAS**

### **Fact Sheet**

The purpose of this fact sheet is to provide you with a guide to the process and administration requirements on property transactions via a SSAS administered by Pension Practitioner .Com

With the exception of residential property, most types of property can be acquired by a SSAS and transferred to or from another pension company. A SSAS can sell its property or take a share of a property either held by the members, a connected person or the business sponsoring the scheme.

#### **Owners of the Property**

The members of the pension scheme are also the trustees. They are the legal owners and beneficiaries of property. Pension Practitioner .Com is not a party or co-owner of any property

#### **Arms length terms**

Where a property is acquired and transacted with a business associated to the scheme, or a connected party – such as a scheme member we require that the transaction is undertaken on arms length terms. A current market valuation by a qualified surveyor is required and where the property is used by a connected party, it must be subject to current market terms. No such requirement applies to transactions with unconnected parties – an example of this is property acquired at auction.

#### **VAT Service**

We provide a service to register a scheme for VAT, for this service we charge a fixed fee of £155.00 plus vat. The quarterly vat returns are not undertaken by Pension Practitioner .Com, this is usually undertaken by the sponsor alongside its own quarterly return.

#### **Nominated Solicitor**

The trustees can choose to nominate their own solicitor for the transaction; we have an arrangement with a solicitor who provides a conveyance service on preferential terms and has experience in handling transactions for pension schemes. We receive no commission from the referral.

#### **Property Management**

The trustees can nominate their own property manager; this can be a delegated person in the scheme or an external individual or firm. The trustees need to satisfy themselves of the required competency of that individual or firm.

#### **Our role**

Our role is to undertake all returns and administrative functions with HMRC and the Regulator necessary for the compliance of their requirements of scheme tax exemption and regulation. The

trustees are entitled to seek our guidance that HMRC requirements are adhered to on property transactions.

### **Our costs**

There is no cost made by us where trustees wish to purchase, lease and sell properties through the pension scheme.

We provide a special projects service to trustees for property transactions. Where the trustees wish us to project manage the borrowing, transfer, purchase or disposal of a property in the scheme we can provide this service on fixed fee terms. The cost for this service ranges from £500 - £1200 per property, depending on the complexity of the transaction. The benefit of using us for this service is that we have experience in such transactions for SSAS, have direct access to the four main clearing banks on commercial lending and the trustees can be sure the transaction is undertaken quickly, efficiently and in accordance with HMRC requirements.

We make no charges on any assets (including property) acquired or disposed of by a scheme. This also extends to scheme borrowings such as mortgages. In addition, we make no "sundry" charges as per below:

Annual property administration charge: Nil

Annual mortgage charge: Nil

Fund valuation: Nil

Property development/refurbishment: Nil

### **Borrowings**

A SSAS can borrow on commercial terms to acquire property. The maximum amount held by the SSAS is 50% of the net asset value of the scheme, any borrowings above this must be held outside the trust.

### **Restriction on property investment**

Taxable property, such as residential property, timeshares and holiday lets are not permitted investments. The scheme can purchase land in the UK or overseas and in certain circumstances hotels and hotel rooms. In addition, nursing homes, student accommodation, shops and land are acceptable. For a detailed list please call freephone 0800 634 4862.

### **Off plan "residential" investments**

Off-plan residential property investment can be transacted via Pension Practitioner .Com. However the land must not have been previously used for residential purposes and the property must be disposed of prior to the property being fit for purpose in a certain manner. Due to the complexity of this transaction, specialist advice must be sought.

**Who decides what covenants and restrictions are appropriate for the transaction**

The scheme trustees.

**Building Insurance**

The insurance provider and terms of insurance is agreed and arranged by the trustees.

**Additional Information**

Property purchase via a SSAS gives the trustees complete control over all aspects of the property process, from legal ownership to day to day property dealings. Our project management service for property transactions is excellent; our charges cost effective and our experience as the UK's No.1 SSAS specialist extensive.

We also offer in conjunction with our partners a taxation service; this will involve guidance on mitigation of corporation and personal tax liability on transfers involving property. An example of this is in-specie contribution of property owned by an individual to a pension scheme.

For more information call email us at [info@pensionpractitioner .com](mailto:info@pensionpractitioner.com). Alternatively, call us on 0800 634 4862.