@sipp

FACT SHEET 1

SIPP Commercial Property Investment – The Pros and Cons

Commercial property ownership via SIPPs has been a widely used since their introduction in 1989. As is the case with any type of investment, there are advantages and disadvantages that are important to consider before making a decision on whether to purchase a property via a SIPP.

So, to help explain why this can be such a useful solution, here are some of the key pros and cons

Pros ✔	Cons ✘
Any rent received by the SIPP is not subject to Income Tax	**The value of the property can go down as well as up**
Rental payments are not contributions so don't count towards Annual Allowance	**Where the tenant is a connected party, they must pay the market rate of rent (along with building insurance and repairing costs)**
SIPP property falls outside of the client's estate and is free from Inheritance Tax	**Property is an illiquid asset. Should pension funds need to be released, the property may need to be sold, which can take time.**
The property isn't accessible to creditors in the event of personal or business bankruptcy	**Rent is not guaranteed – it is reliant on the tenant's ability to meet it's financial obligations**
Any gains made while the SIPP owns the property are free from Capital Gains Tax*	**If the property becomes unoccupied at any point, the void costs will fall on the SIPP**

*Any Capital Gains Tax arising on gains when the property is sold to the SIPP will need to be paid by the seller.

Suitability is key

There are good reasons why placing commercial property in a SIPP is the best choice for one client or their business but might be unsuitable for another.

Who it may suit ✔	Who it may not suit ✘
A long-term view: no plans to sell the commercial property within, say, the next ten years.	Short term-view: needs likely or probable to change in the next few years.
Financially stable: unlikely to need to access the capital value of the property.	Financially unstable: any financial issues must be resolved before tying up the capital in the property.
Steady income: tenant can comfortably meet the rent and any maintenance costs.	Emotionally attached: One of the biggest challenges to placing existing owned property into a SIPP is the transfer of ownership to a professional trustee.

OUR PEOPLE

Introducing the @SIPP Business Development Team

Flexibility, technical expertise and industry-leading customer service.
It's all at your disposal. Just drop us a line.

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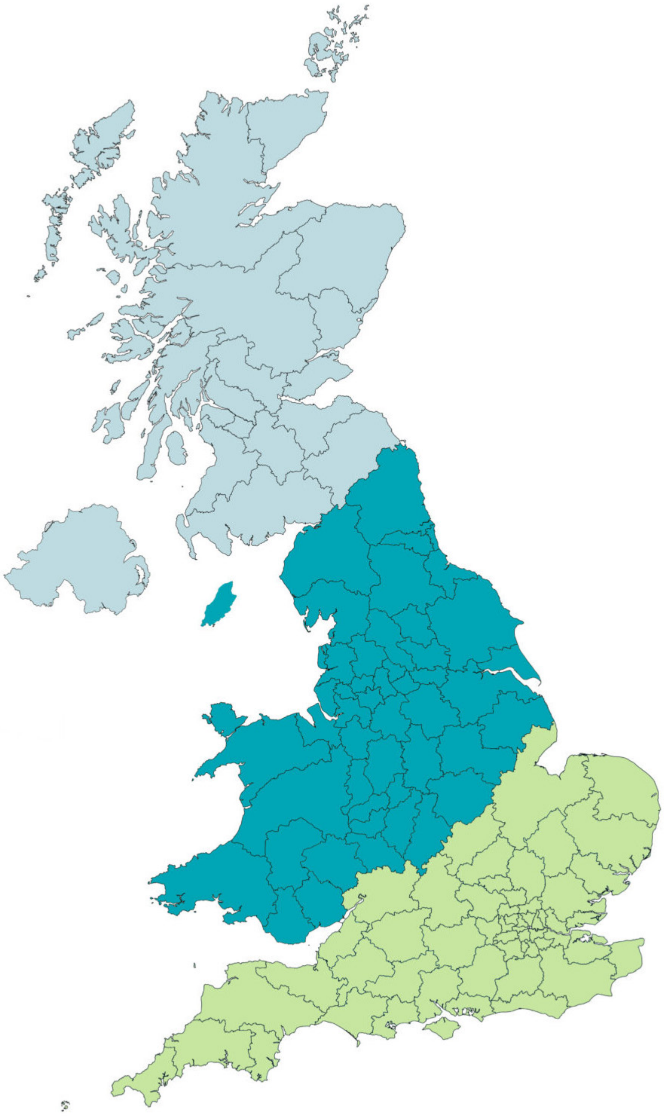

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