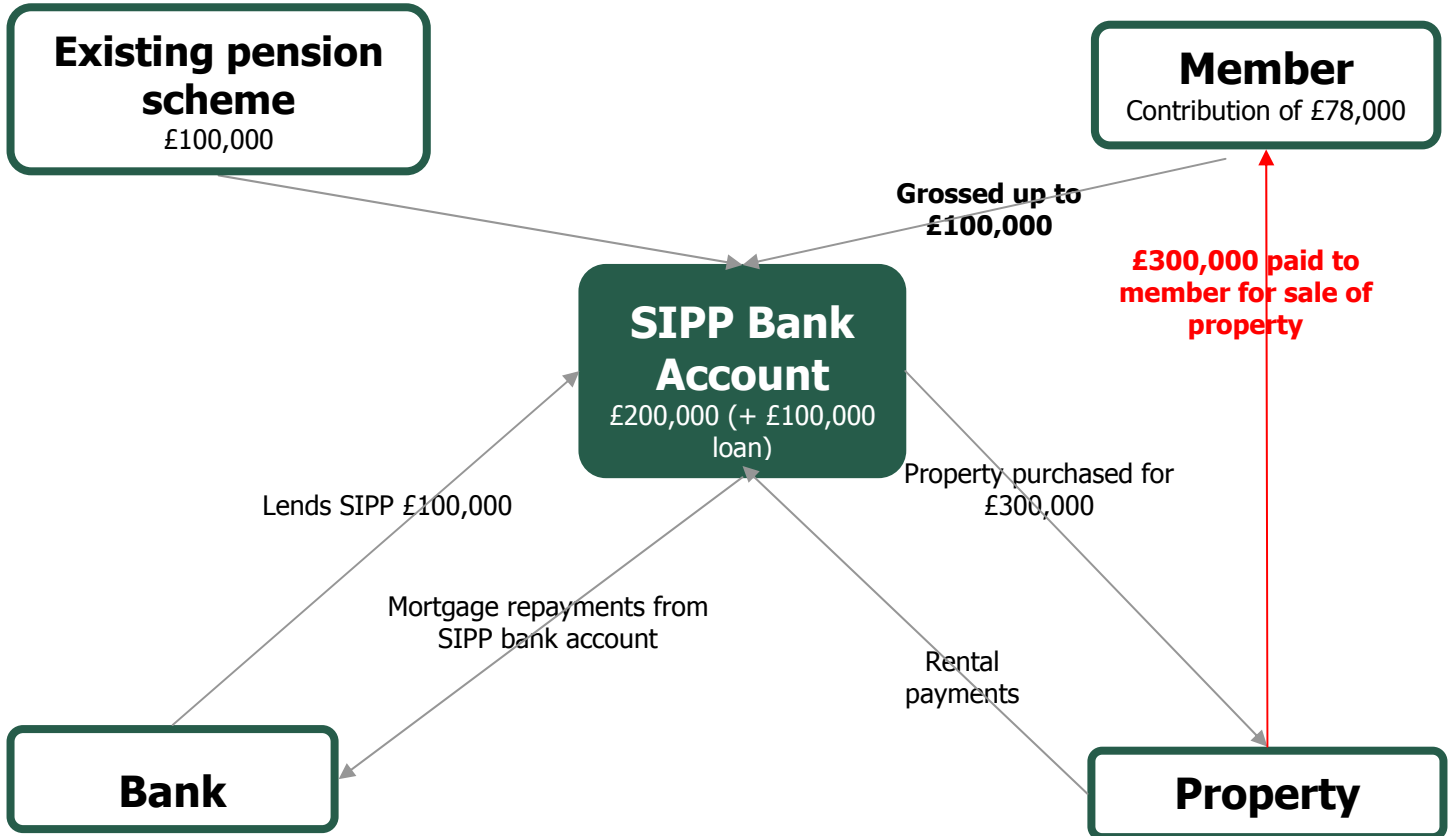


Pre Owned Connected Party Property Purchase

Client owns a commercial property for £300,000. He has earnings of £100,000.



If the member does not have the funds to make the contribution then they may be able to short-term borrow from the bank, this can be re-paid from proceeds of the sale of the property.

The property is owned by the pension fund and therefore any growth in its value is free of income and capital gains tax. In addition, the rent payable by the partnership or company to the pension fund can be offset against profits.

Higher rate tax relief on the contribution is claimed at the end of the year.

Once the loan has been repaid all rental income increases the value of the SIPP.

The member can make a loan to the SIPP at a commercial rate if they have cash available, rather than going to a bank. This may provide the member with a higher return than having cash sat in a bank account.

Contact Details

Scotland & Northern Ireland
4 Albyn Place
Edinburgh
EH2 4NG
Tel: 0131 220 0353
Fax: 0131 220 0369
E-mail: scotland@hornbuckle.co.uk

North
Cotton Court
Middlewich Road
Holmes Chapel
Cheshire CW4 7ET
Tel: 0845 345 7505
Fax: 01477 539209
E-mail: north@hornbuckle.co.uk

Midlands & South
Tyman House
42 Regent Road
Leicester
LE1 6YJ
Tel: 0845 345 2555
Fax: 0116 254 3342
E-mail: midlands@hornbuckle.co.uk

London
Ground Floor
Dolphyn Court
10-11 Greet Turnstile
London
WC1V 7JU
Tel: 020 7269 6939
Fax: 020 7269 6930
E-mail: london@hornbuckle.co.uk