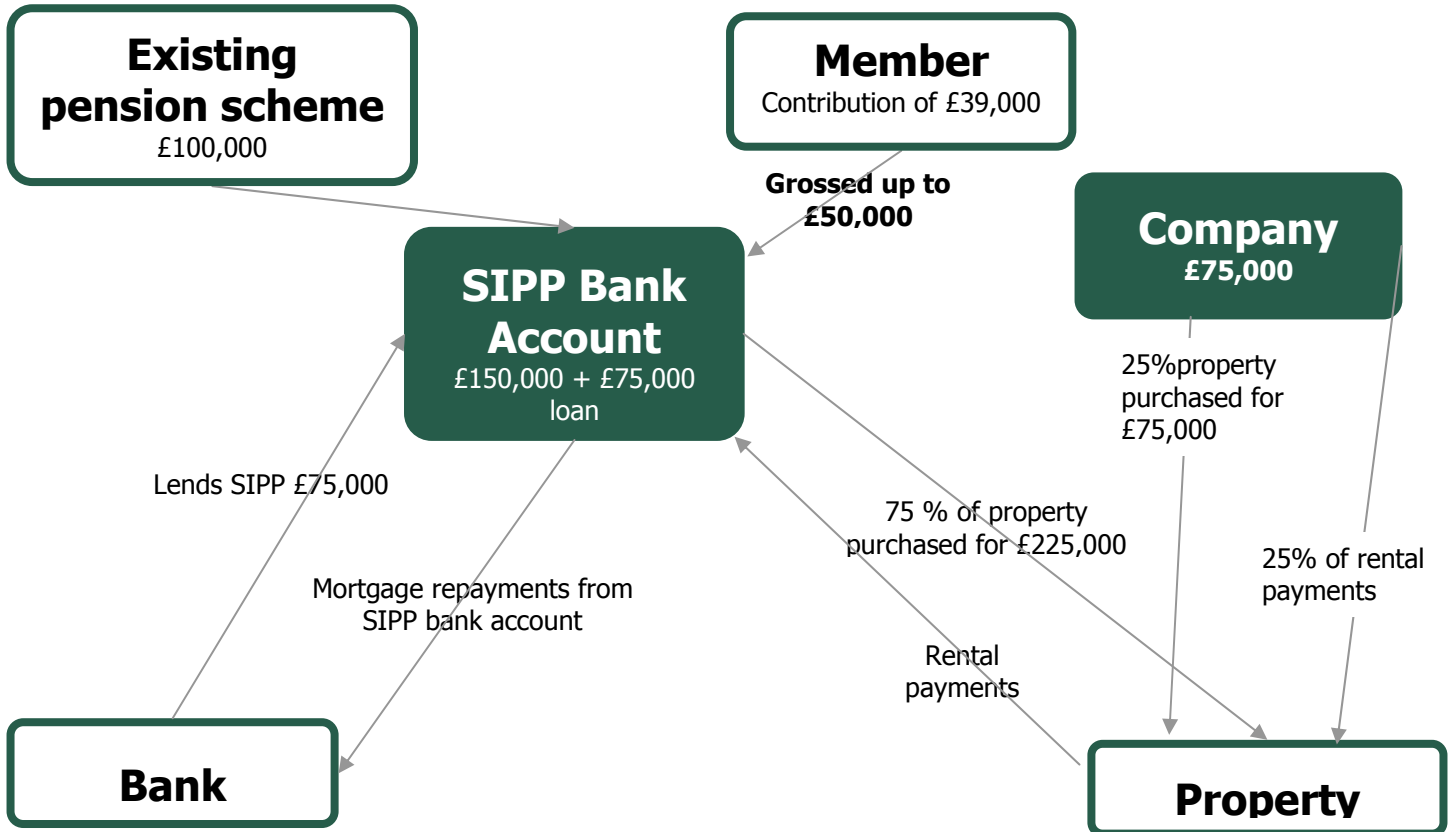


## Split Property Purchase

Client wants to purchase a commercial property for £300,000. He has earnings of £100,000, but can only afford a £50,000 gross contribution. His company has £75,000 available.



The SIPP must receive market rent for its share of the property. If the member's company is the tenant they do not need to pay rent for the portion that they own (they would be paying it to themselves).

75% of 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 bank may make a loan to both the SIPP and the company.

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