

# Acquisition of Land and Buildings Factsheet

## SIPP

*[An acquisition of land and buildings by a Member's SIPP includes: a purchase; a transfer from another registered pension scheme as part of an individual's 'in specie' transfer of benefits; and a transfer from the member, another individual or the Member's employer as an 'in specie' contribution.]*

Acquisitions of land and buildings by a Member's individual SIPP are subject to the following requirements (set out in more detail in our guidance notes, 'SIPP Commercial Property Transactions' and 'Information for Solicitors', copies of the current versions of which are available on request):

- Commercial property only (i.e. land and buildings and anything that is part of the fabric of the buildings e.g. central heating systems fitted kitchen units, cupboards and sinks, fitted bathroom sanitary ware, intruder alarm systems).
- No fixtures and fittings (e.g. carpets, curtains and blinds, free-standing furniture, kitchen white goods, removable electric and gas fires, light shades and fittings and most plant and machinery).
- No residential property (except for the very few types that satisfy relevant HM Revenue & Customs exemption criteria e.g. 'job-related' accommodation).
- Agricultural land/farmland is normally acceptable – but any Single Farm Payments and Stewardship Agreements must be with the tenant not the SIPP.
- Development or refurbishment of land and/or buildings is permitted (subject to certain requirements but no residential development).
- Can obtain residential planning permission but no residential development.
- A Member's SIPP can join with other Members' SIPPs and/or other parties for a joint property purchase.
- Purchase from, sale to, or lease to a SIPP Member or a person connected with a SIPP member is permitted (as long as it is on arm's length commercial terms as confirmed by an independent professional surveyor).
- Completion and return of a Property Questionnaire by the SIPP Member.
- Independent professional surveyor's valuation report of the property, including a full description of the property and the surveyor's opinion of both the property's current market value and current market rental value.
- VAT registration and option to tax, where necessary, by the SIPP Trustees as a 'partnership' using forms VAT 1, VAT 2 and VAT 1614A. The Member (or his/her accountant) will be responsible for this and for VAT returns.

- Environmental risk assessment.
- Asbestos survey (where necessary).
- Energy Performance Certificate (where necessary).
- Buildings must satisfy fire safety requirements and disability discrimination requirements (where necessary).
- Appoint solicitors of your choice (but best if they have experience of dealing with a property purchase by a SIPP).
- Report on title from solicitor, including all relevant searches.
- Draft exchange/completion documents and leases from solicitors for EBS approval.
- Borrowing is permitted to assist with a purchase of up to 50% of the net market value of the SIPP fund (i.e. the existing assets) prior to borrowing, from the lender of your choice (provided the lender accepts our requirements).
- Draft loan agreement and legal charge from the lender for solicitors' and EBS's approval.
- Appropriate property insurance, and any other necessary insurances are in place by exchange/completion e.g. for chancel repair indemnity, undisclosed defective covenants, environmental risk, public liability etc.
- All fees in relation to property investments are payable by your SIPP. EBS's fees are charged on a time cost basis, in accordance with the current version of its Fee Schedule.