



**InvestAcc**  
PENSION  
ADMINISTRATION LTD

Small Self-Administered Scheme

# SSAS

**Guide to Development Works** →

## Guide to development works

**In some circumstances it may be possible to develop commercial property or land within a SSAS; this guide describes our requirements and procedures. We reserve the right to refuse to agree to a development if it appears that it may not be in the best interests of the members or if in our opinion it is likely to breach HMRC regulations.**

### In what instances may a SSAS be used to develop land or buildings?

A SSAS may be used to purchase bare land with the intention of development in the future. It may also develop or improve an existing commercial property already owned by the pension scheme.

A SSAS is not permitted to hold residential property; it may hold land with the benefit of residential planning permission, but the property must be sold before any residential development commences.

### What's next?

- Prior to any commercial development works being carried out, the relevant planning permission must be obtained, if required. The SSAS may either purchase the property with planning permission already in place, or alternatively you may obtain planning permission yourself.
- If a lease is in place, we will require a letter signed by the landlord and tenant agreeing that development works may be undertaken and the works are to be paid for by the SSAS trustees. The letter must also confirm that the tenant accepts that a rent review must be carried out on completion of such works, which would normally result in an increase in rent commensurate with the development spending.
- A schedule of the proposed development works to be undertaken must be provided for our prior approval, along with three quotes received. This must include:
  1. Property address
  2. Nature of works
  3. Estimated costs of works - with a fully itemised breakdown
  4. Whether the works require planning consent, and if so enclosing a copy of consent documentation
  5. How the works are to be funded, i.e. existing SSAS funds, contributions, borrowings, etc.
- Development works must not be undertaken until all work is authorised by us.
- All invoices must be authorised by InvestAcc before they may be paid.
- VAT will normally be payable on building works, if this is to be recovered then your pension scheme will need to ensure it is registered for VAT and the VAT exemption over the property has been waived. You will need to tell us who will be carrying out the VAT registration, if applicable.
- A SSAS can borrow up to 50% of the net asset value of the SSAS funds to assist with development works. You must ensure that all funds are available to complete development prior to entering into a development contract. We do not operate a panel of lenders, the SSAS trustees can borrow funds from any willing lender such as a bank or other financial institution, or you may lend to your own pension scheme (so long as any loan is on commercial terms).

In order for your SSAS funds to be used to pay for the work carried out, invoices must be sent to us addressed to the pension scheme, for example:

### **Trustees of the XYZ SSAS Name**

c/o Scheme Address

(this will usually be the VAT registered address of the scheme, if applicable, or otherwise  
Minerva House, Port Road Business Park, Carlisle, CA2 7AF)

Invoices must be clearly set out and we need to be able to see what they cover without the need to make further enquiries. They must match the original schedule of proposed works, or if not there must be a clear explanation of the reason for the difference.

On receipt of an invoice InvestAcc will confirm whether payment is permissible from the scheme funds, payment of the invoice can then be made by cheque from the pension scheme bank account.

**Please ensure that we are provided with correct contact details so that confirmation can be obtained, and payment is not delayed.**

## What works can my SSAS NOT pay for?

A SSAS cannot pay for fixtures and fittings, for example light fittings, curtains, carpets, signage etc. These are things that would typically be the responsibility of the tenant. There may be other things that your SSAS cannot pay for, which we will tell you about when we review your schedule of proposed development works.

Note that the SSAS cannot pay for anything relating to residential development works.

## What happens after the development work is complete?

On completion of the commercial development works a valuation must be carried out by a RICS qualified surveyor. We will require the following:

1. Current market value
2. Current market rental value
3. Buildings Insurance reinstatement value

If a lease is in place, a rent review must be carried out to reflect any change in rental value.

If the works required an Energy Performance Certificate (EPC), or are substantial enough to warrant an updated rating, we will need to be provided with a copy of the new EPC.

## Trading

Note that HMRC can class excessive property development as trading, which can come with severe tax charges.

## Scheme administration costs

Development of a commercial property or land through your pension scheme is a complex undertaking and InvestAcc Pension Administration Limited reserves the right to charge additional fees in respect of development work in instances where this guide is not followed. We will inform you of the reason and amounts accordingly.

## Contact us

If you require any further information, please do not hesitate to contact our Property Team on 01228 538988.



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