

Joint Venture Property Purchase

We allow SIPP to purchase shares in a property either with other SIPP clients or non-SIPP third parties. Each SIPP will own a specific ownership percentage in the property, will receive that percentage of rent received, and will have to pay that share percentage in costs for the property after the purchase has completed, including all future valuations of the property.

The SIPP will need sufficient funds to cover their percentage of the purchase price, VAT and Stamp Duty (if applicable). Associated costs such as solicitors' fees should also be apportioned in accordance with the ownership percentages however associated costs do not have to be paid from the SIPP.

For SIPP purchasing shares in the property along with other SIPP customers, we can offer property administration services such as rental invoicing, collection, administration of lease events, insurance renewals, and the payment of invoices. Alternatively, an independent property management company can be employed to deal with all property and VAT matters, and services we do not offer such as finding tenants, lease negotiations or rental terms.

In cases where the property is partly owned by a non-SIPP third party, the services we can offer will depend on the VAT status of the property:

- If the property is not VAT registered, then we can either collect the rent for the entire property and remit the other owners' shares of rent received to them or collect your clients pension schemes share of rent **only**. InvestAcc does not offer services such as advertising property for sale or occupation, negotiating with tenants on leases or debt collection. Alternatively, an independent property management company can be employed to deal with all property and VAT matters.
- If the property is VAT registered, an independent property management company must be appointed (to deal with all property matters) and possibly an accountant/VAT specialist to handle VAT matters.

Please note that we are not VAT specialists and so SIPP customers will need to discuss any VAT issues with an accountant or a VAT specialist.

InvestAcc are not Property Managers and if anything beyond this scope of services mentioned here is required an independent property management company will need to

be employed. Please note we reserve the right to appoint a property manager in the future, in which case we would normally give you 6 months' notice where possible.

Where SIPP's own only a part-share in the property it may be more difficult for them to obtain a SIPP loan secured against the property.

We will require details of the non-SIPP third party owner and confirmation whether they currently have borrowing secured to the property or wish to take out borrowing to purchase their shares in the property.

If the third party does require a loan, then their lender must provide a division of liability letter protecting the non-borrowing SIPP's value of shares in the property from any default in the loan and ensuring the SIPP's are not jointly and severally liable for any repayment of the third-party owner's loan. This will also apply in circumstances where multiple SIPP's wish to purchase property and there are either individual loans for each SIPP, or not all SIPP's are borrowing.

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