

PROFESSIONAL PARTNERS SHOULD LOOK AT PURCHASING THEIR BUSINESS PREMISES WITH PENSION FUND

Too few professional practitioners are maximising their pension funds by buying their own premises, a pensions specialist claims.

David Bradbury, head of the SIPP & SSAS division at Taylor Patterson, the Preston based self-invested pension provider, says that buying business premises through a partners' pension fund can prove to be extremely cost and tax effective.

He believes that many solicitors, accountants, doctors and dentists are not fully aware of the benefits or are deterred by the apparent complexity of some the arrangements on offer to do this.

SIPPs can now buy existing business premises owned by business partners, a move that was not permitted by the Revenue prior to April 2006. Also, such premises can now be transferred into a SIPP as an "in-specie contribution" with the benefit for the owning partners of the tax relief applicable to cash contributions. The Group SIPP offered by Taylor Patterson is an ideal vehicle for such transactions.

Once in the SIPP, any growth in the value of the property is free of capital gains tax and the rent, deductible as an expense by the business, paid to the SIPP is free of income tax.

David Bradbury commented: *"Today's depressed commercial property market presents a great opportunity to buy business premises through a SIPP or to transfer existing premises with reduced exposure for the partners owning the property to capital gains tax. At today's prices, stamp duty and other costs are likely to be lower than they were twelve months ago."*

"With contributions that attract tax relief at the partners' highest marginal rates, the transfer of existing pension plans and the ability to borrow up to 50% of the total, many professionals are well placed to take advantage of current market conditions by pooling their resources in a Group SIPP."

"And although prices are depressed now, professionals will know that historically commercial property has proven to be a sound investment over the long term."