

*Email Only*

Mr P Gooch  
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Dear Phil,

**PROPERTY ACQUISITION**

I refer to our meeting last month and subsequent telephone conversation regarding the purchase of commercial property through a private limited company.

We have had several discussions on this matter with HMRC, however they will not provide pre-transaction guidance and will certainly not commit anything to paper. We do however have particular expertise in this area and can pick through the guidance provided by them as result of our conversations with their Technical Office over the last few weeks to assist you.

We have spent some time on this matter and as such will need to charge reasonably for the work undertaken.

The scheme can acquire 100% of the share holding of a private limited company that will be holding the property, provided that the company (not Portcullis) does not make any pension contributions into the pension scheme. Any distributions must be in the form of dividend income. The benefit of pension contributions is that the company could obtain a corporation tax deduction whereas under the dividend method this does not arise; as they are paid post corporation tax. Specialist taxation advice must be given regarding how the rent is distributed to the pension scheme.

Where the pension scheme holds an indirect or direct interest in any wasting assets or tangible property, then this would give rise to a significant tax charge on the value of the asset held. The caveat to this is that the pension scheme can have a direct or indirect holding up to £6,000. Examples of wasting/tangible assets are fixtures and fittings, plus furniture that have a cumulative value of £6,000.

When one purchases a commercial property, the tangibles usually form part of the property and therefore the sale agreement. In purchasing this property, you should therefore consider the purchase of the shell and any (which is why this purchase method is unusual) tangibles are owned by a third party. It would be unusual for the tenant to own the fixtures and fittings for the building. This would also need to be reflected in the sale contract.

Please feel free to call me to discuss this through further, I recommend that you forward this letter to your accountant and solicitor for any additional comments that they may have.

Kind regards

Yours sincerely

Gavin McCloskey  
**For Pension Practitioner .Com**

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