

Establishing a Dentons SIPP with a commercial property that is subject to VAT

A Fee Case Study



The Facts

A client's Financial Adviser recommends they transfer (in cash) two of their personal pensions held with a life company and one defined benefit pension to a Dentons SIPP to enable the purchase of their business premises. The commercial property is subject to VAT and borrowing will be required.

The Fees

Year 1

Establishment fee	£350
Standard administration	£552 (pa)
Defined benefit pension transfer x 1¹	£170
Personal pension transfer x 2 (@£50 each)	£100
Property purchase²	£800
Borrowing³	£150
HMRC Scheme return	£60 (pa)
VAT registration⁴	£190
Quarterly VAT returns (x4)⁴	£480
Issuing quarterly rent invoices (x4)⁴	£120
Annual property management⁵	£ Nil
Total fees over the first 12 months	£2972

Year 2

Standard administration fee	£552 (pa)
HMRC Scheme return	£60 (pa)
Quarterly VAT returns (x4)⁴	£480
Issuing quarterly rent invoices (x4)⁴	£120
Annual property management⁵	£ Nil
Total fees in Year 2	£1212

¹Fees for defined benefit pension transfer are charged from £170

²Fees for a property purchase, including leaseback, are on a time cost basis with a minimum charge of £800

³For borrowing, additional fees are charged from £150

⁴Where VAT applies, the client can register for VAT and issue their own VAT returns on a quarterly basis, in which case Dentons will not apply a charge.

⁵We don't insist upon the appointment of a property manager, provided it can be demonstrated that the necessary property management functions are being undertaken such as insuring the property, invoicing rents, rent reviews, completing VAT returns and meeting all legal duties. However, we have a duty to ensure all these functions are carried out and we charge on a time cost basis for this.

We will charge additional fees if we have to chase or follow up any outstanding items.

All fees shown are for illustrative purposes only and should not be relied on for your own individual circumstances.

Please contact your Business Development Manager, Sales & Marketing or your Dentons Pension Consultant for a quote.

Please note

- Establishment fee is deducted once the SIPP is set up and funds have been transferred into the SIPP
- Standard administration fees are normally deducted 6 months in arrears: this can be paid personally rather than being deducted from the default bank account
- All other fees are normally deducted 6 months in arrears
- We reserve the right to review our fees when necessary and to collect fees on a more frequent basis if required
- Fees will increase annually on 1st January taking into account changes in the National Average Earnings Index (NAE) or the Retail Prices Index (RPI)
- All fees are subject to VAT.

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All statements concerning the tax treatment of products and their benefits are based on our understanding of the current law and HM Revenue & Customs (HMRC) rules. These are for general guidance only and do not constitute professional advice. The tax treatment depends on the individual client circumstances and may be subject to change. Whilst every effort has been made to ensure accuracy, no liability can be accepted for any errors or omissions.

If VAT may be applicable, you should seek specialist advice.

Whilst the names used in this case study are fictitious, the processes described have been used in actual cases.

Please note that every care has been taken to ensure that the information provided is correct and in accordance with our understanding of current law and HMRC rules, which are both subject to change.

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