

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

A fee case study

The facts

Miss Hughes is recommended by her Financial Adviser to transfer (in cash) two of her personal pensions held with a life company and one defined benefit pension to a Dentons SIPP to enable the purchase of her business premises. The commercial property is subject to VAT and borrowing will be required.



The Fees

Miss Hughes will be charged the following fees:

Year 1

Establishment	£350
Standard administration	£675
Defined benefit pension transfer x 1 ¹	£265
Personal pension transfer x 2 (@£60 each)	£120
Property purchase ²	£900
Borrowing ³	£291
Environmental report	£154
HMRC Scheme return	£65
VAT registration ⁴	£195
Quarterly VAT returns (x4) ⁴	£520
Issuing quarterly rent invoices (x4) ⁴	£120
Annual property administration ⁵	£Time cost

Total fees in year 1 £3,655¹ + Property administration⁵

Year 2

Standard administration	£675
HMRC Scheme return	£65
Quarterly VAT returns (x4) ⁴	£520
Issuing quarterly rent invoices (x4) ⁴	£120
Annual property administration ⁵	£Time cost

Total fees in Year 2 £1,380 + Property administration⁵

¹Fees for defined benefit pension transfers are charged £265 per transfer.

²Fees for a property purchase are on a time cost basis with a minimum charge of £900.

³For borrowing, additional fees are charged from £291.

⁴If Dentons submit a VAT return, a charge of £130 per return will apply. Or, the client can deal with quarterly VAT returns and prepare and issue rent invoices, in which case Dentons would only charge for the time take to check each VAT return.

⁵Dentons will apply a fee for ensuring rental invoices are issued, rental monies are collected and that the property is appropriately insured and for other property administration. Dentons will arrange for the property to be insured under our block policy arrangement unless alternative arrangements are required or the property is a leasehold and the freeholder arranges the insurance.

Clients can manage their own property or appoint a property manager. Dentons does not provide property management services.

We will charge additional fees if we have to chase or follow up any outstanding items or assist with the management of the property.

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

Please note

- > Establishment fee is deducted once the Dentons SIPP is set up and funds have been transferred into the SIPP
- > Standard administration fees are normally deducted six months in arrears: this can be paid personally rather than being deducted from the default bank account
- > All other fees are normally deducted six 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
- > All fees are subject to VAT.

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

Notes

- This case study is for Financial Adviser use only and not for use by retail clients
- 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
- 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 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
- 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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