

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 to a full asset SIPP to enable the purchase of her business premises. The commercial property is subject to VAT and SIPP borrowing will be required.



The fees

Miss Hughes will be charged the following fees:

Year 1

Establishment	£350
Standard administration	£714
Personal pension transfer x 2 (@£75 each)	£150
Property purchase ¹	£990
Borrowing ²	£315
Environmental report	£154
HMRC Scheme return	£70
VAT registration ³	£195
Quarterly VAT returns (x4) ³	£520
Issuing quarterly rent invoices (x4) ⁴	£Time cost
Annual property administration ⁵	£Time cost
Total fees in Year 1	£3,458 + Property administration⁵

Year 2

Standard administration	£714
HMRC Scheme return	£70
Quarterly VAT returns (x4) ³	£520
Issuing quarterly rent invoices (x4) ⁴	£Time cost
Annual property administration ⁵	£Time cost
Total fees in Year 2	£1,304 + Property administration⁵

¹Fees for a property purchase are on a time cost basis with a minimum charge of £990.

²For borrowing, additional fees are charged from £315.

³If 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 taken to check each VAT return.

⁴Dentons will charge time-cost fees for issuing rental invoices, reconciling rental receipts, liaising with member trustees/ advisers regarding property insurance, and for other property administration, as required.

Dentons will arrange for the property to be insured under a block policy arrangement unless alternative arrangements are required or the property is a leasehold and the freeholder arranges the insurances.

⁵Clients 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.

Please note

- Establishment fee is deducted once the full asset 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.

All fees shown are for illustrative purposes only and should not be relied on for a client's individual circumstances.

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

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 a client's individual circumstances
- Please contact your Business Development Manager, Sales & Marketing or your Dentons Pension Consultant for a fee estimate
- 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
- Dentons will not provide advice on the suitability of investments but reserves the right to refuse to hold any proposed investment in the scheme
- 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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