

# Commercial property purchase

## Information Leaflet

Investing in commercial property through a SSAS is a popular choice. Using the pension scheme to purchase commercial property or land offers many benefits.

Property should generally be viewed by the trustees as a long-term investment, and they should maintain sufficient liquidity to secure member benefits as they fall due.

Key benefits can include:

- contributions to the pension scheme benefit from tax relief and can be used to purchase the property;
- any increase in property value is exempt from capital gains tax;
- the pension scheme receives open market rent;
- all rent from tenants is received gross and free from income tax;
- tenants can treat rental income as a business expense for tax purposes, reducing their income and corporation tax liability;
- the property is excluded from each members estate for inheritance tax purposes - (The government intends to bring inherited pensions within the scope of Inheritance Tax with effect from April 6, 2027);
- capital is released back to the business when the property is purchased from it, aiding cash flow;
- there is an opportunity to borrow funds for the purchase and development of the property;
- once the mortgage is paid off, ongoing rent and contributions can continue to build the retirement fund for other investments or retirement benefits;

- the property may not need to be sold, as continuing income could cover pension payments; and
- if the business fails, the property is protected from creditors.

Whilst property investment in pensions can be complex, we have a dedicated team of property experts available to support you with any questions you may have.

Examples of commercial UK property types we can consider are:

- Offices & shops
- Warehouses & factory units
- Agricultural land and forestry
- Development land
- Vocational practices such as legal firms, financial, medical etc

All proposals will be individually assessed prior to purchase and a solicitor must be appointed by the trustees to carry out the legal work.

We are unable to accept direct ownership in residential property due to current UK pension rules. Types of residential property includes but are not limited to:

- Houses and apartments
- Residential ground rents
- Holiday homes, timeshares and villas
- Residential buy to lets

Some residential property may be acceptable if it is used for employment or business purposes such as a caretaker's home. This area is restrictive and will be reviewed on a case-by-case basis.



**For more information please contact**

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