

The Overseas Pension Information Sheets are for professional advisers **only** and aim to provide in depth comments on topical subjects. This Information Sheet cannot replace specialist financial, investment and tax advice – we always recommend taking advice relevant to an individual's circumstances.

## Introduction

It is possible for our QROPS to invest directly in UK COMMERCIAL property with partial or total ownership resting with the scheme. Property in countries other than the UK may also be considered, however additional planning advice may be required to suit the circumstances. The property would be held within an offshore company which can be provided by the Trustees. Property can be purchased or transferred into the QROPS. The transaction needs to be on commercial terms and therefore an independent valuation may be required.

## Types of property

Investment in commercial property is usually acceptable but investment in residential property is not unless it is through a genuinely diverse commercial vehicle.

In order that the property can be considered we require the following information:

- Description of property and whether it is freehold or leasehold
- Details of the latest valuation
- Details of any borrowing
- Details of tenants, rental income and letting agents (if applicable)

Ultimate discretion rests with the trustees who reserve the right to refuse certain property.

Legal ownership of the property is changed in favour of the offshore company which is owned by the QROPS.

## Borrowing

It is possible for the QROPS to borrow money to assist with the purchase of a property via the offshore company.

If a transfer is being considered and the property has borrowing the lender should be consulted at an early stage to see whether the current arrangements can continue under the existing terms with a new client (i.e. an offshore company) – this is often not the case. If not then we can make enquiries for replacement lending.

On transfer of existing properties held in pensions schemes, stamp duty may become payable.

No tax relief will be available on the transfer.

# Investment Property

## QROPS

### Taxation

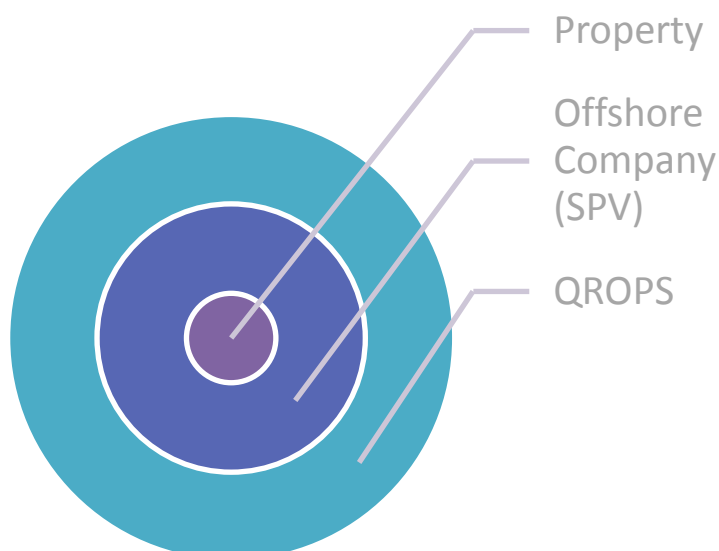
Following transfer to the offshore company UK property will have all of the rental income, less any allowable expenses, taxed at 20% (2011/2012 tax year).

Capital gains would be tax-free.

The following table considers some of the tax issues on transfer of a property to a QROPS:

	QROPS
Stamp Duty	May be payable on transfer if there is an outstanding mortgage
Capital Gains Tax	Not payable on transfer or disposal
VAT	May be payable if the commercial property is opted to tax and the transfer is not a Transfer of Going Concern (T.O.G.C.)

### Ownership structure:



# Investment Property

## QROPS

### Charges

Our standard QROPS charges apply along with fees for establishing and managing the offshore company. Please contact us with details of the property and we will provide a quotation of our fees for your consideration. An example follows:

	Charges
Establishment of BVI company	GBP 1,350
Annual domiciliary Fee	GBP 1,860 (annual in advance)
First year's time charging to organise the properties' re-registration, administration of properties, rental income and completing tax returns	GBP 2,300 – GBP 3,000 (est for sole property)
Subsequent years' time charges depending on the level of activity of the company and to what extent the letting/ managing agent undertakes the running of the property.	GBP 1,800- GBP 2,000 (est.) (est for sole property)
Significant factors	See Property Questions

Property Questions	Answers
Value of property	
Type of property and location	
Details of mortgage e.g. amount, term, lender	
Details of tenants and tenancy <ul style="list-style-type: none"><li>• Number of premises/tenants</li><li>• Nature of activity undertaken on premises (residential/business/retail/industrial)</li><li>• Period of current lease</li></ul>	
Details of agent for rent collection and maintenance	
Details of agent for letting	

# Investment Property

# QROPS

## Contact details

For comprehensive information on The Overseas Pension QROPS please visit The Overseas Pension [Website](#)

Our [Key Features](#) document provides comprehensive information on The Overseas Pension QROPS

If you would like further information or have a specific client enquiry, please contact our QROPS and QNUPS advisers on +44 (0) 20 8209 9251 or email [info@overseaspension.com](mailto:info@overseaspension.com)

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## Important Information

This information sheet is not intended to be considered or regarded as advice. While we believe the information to be correct, we cannot guarantee it. Individual client circumstances must be considered and specific advice taken. FTC cannot accept any responsibility for any action taken or refrained from being taken as a result of the information contained in this article or any losses or costs incurred. This information sheet has been written from the perspective of an individual of UK domicile.