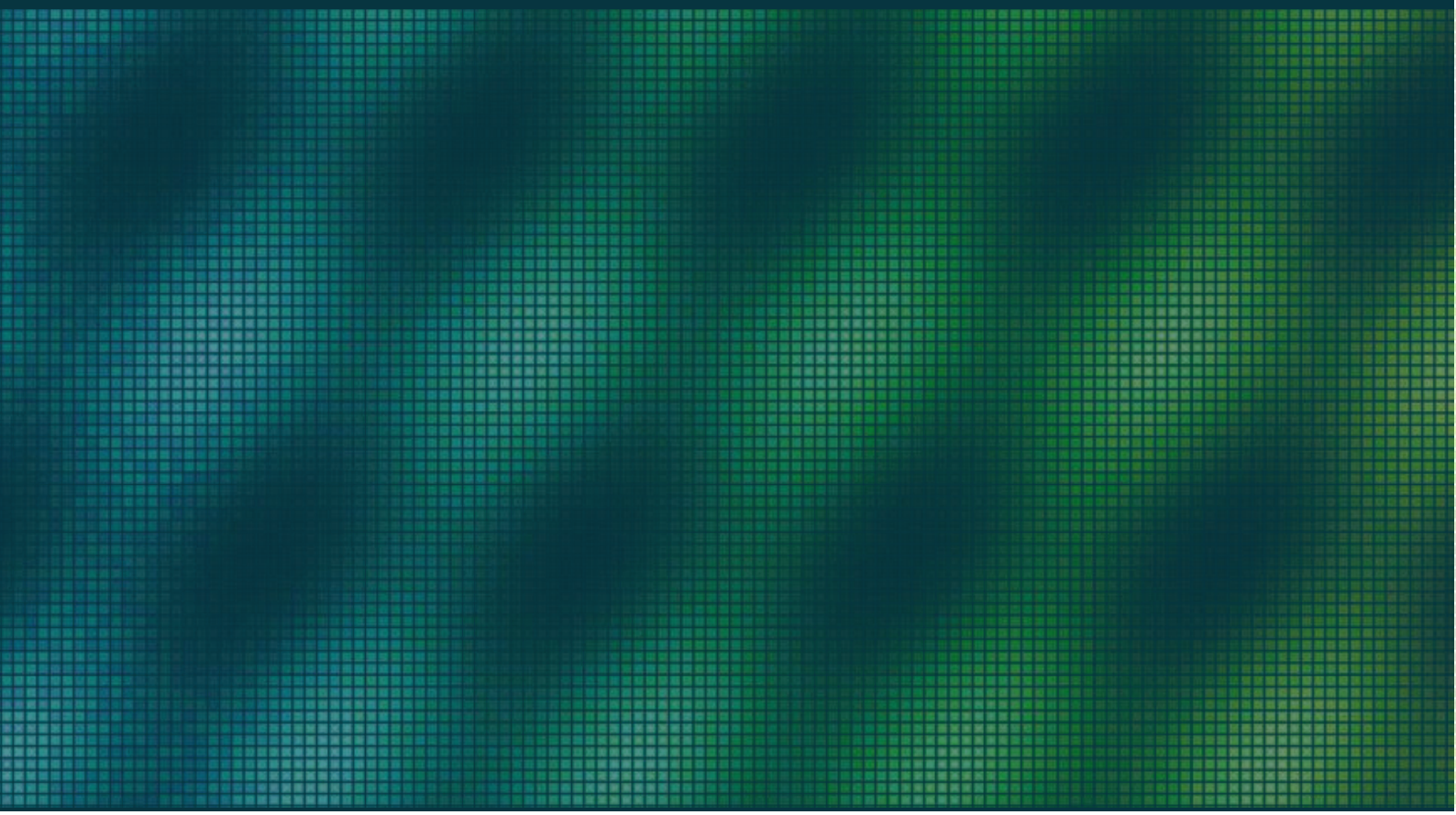


FACTSHEET SIX

How to develop a commercial property in a SIPP or SSAS

For professional advisers only

Moneyfacts 5 PRODUCT RATING SIPP Full SIPP 2023 – 2026
Moneyfacts 4 PRODUCT RATING SIPP Collective SIPP, Solo SIPP, Solo SIPP + 2023 – 2026
AKG B- FINANCIAL STRENGTH RATED PROVIDER SECTOR EFFECTIVE WWW.AKG.CO.UK ISSUED: 10/11/2025 @SIPP LTD

How to develop a commercial property in a SIPP or SSAS

Using a SIPP or SSAS to own commercial property is a tax efficient arrangement. This efficiency also means that developing a property, to add value, can be equally tax effective.

This factsheet sets out some of the key rules and considerations for doing so. That said, we always recommend speaking with our team in advance to ensure any development plans are compliant with these rules.

Typical development scenarios

Here are some typical scenarios where property development can take place.

1.

A suitable property is identified for a new SIPP or SSAS and development planned – e.g. land purchased where new business premises will be constructed.

2.

An existing SIPP or SSAS commercial property where renovation is required – e.g. modernisation at the end of a long lease.

3.

An existing SIPP or SSAS commercial property where a change of use is planned – e.g. premises require adaption for a new use going forward.

Who pays for the development work?

The pension fund owns the commercial property. Therefore any and all costs associated with 'Landlord' development works must be paid by the SIPP or SSAS.

However, the SIPP or SSAS should not pay any costs that would usually be paid for by a tenant or that are specific to the tenant's business.

It's really important to note that the either party, cannot pay for any costs that would fall on the party in a typical arm's length transaction. If this were to occur, penalty tax charges could be applied to the pension fund.

The new development process

Where a new property development is proposed, stage one should always be to speak with @sipp. We will provide key technical support to ensure that what is proposed will not conflict with the tax rules.

Who is involved in a SIPP or SSAS commercial property development?

The Adviser –
The client's financial adviser may wish to be involved and will help to coordinate the various parties at outset, with full support from their @sipp BDM.

The Architect –
Dependent on the scale of the development, plans may be required. These should detail all aspects of the development, the proposed works items, and costs.

The Surveyor –
All commercial property investments require a valuation/survey. This is expected to be from a RICS member following 'red book' guidelines. This should detail the property value before the development, and the expected value after development, to ensure the development 'investment' case is favourable.

Project Manager –
They are generally responsible for ensuring that the project is delivered as expected, on time and within budget. They are also responsible for any local authority documentation, appointing contractors (and ensuring they have adequate insurance) and authorising payment of any costs.

The Contractor(s) –
This will be the business who carries out any or all works. It can be either an unconnected or connected party. Where work is to be undertaken by a connected party, the cost must be in line with the market rates (usually evidenced by sourcing at least two independent quotes).

@sipp (the SIPP/SSAS provider) –
We will assess all plans to ensure they meet tax rules and pay any invoices authorised by the Project Manager throughout the development process.

The Financial Adviser perspective – What must I obtain from my client to make this work?

No two commercial property purchases are the same, and the devil is in the detail. Some of the key points to consider and identify include:

VAT – Is the property opted to/ subject to tax?

Property title – Is this a freehold or leasehold title

Property use – What kind of property is this? What is it used for?

The owner – Is the property owned by your client or an unconnected third party?

Timescales – Do we have a deadline to consider?

Funding – How will the client fund the purchase? Will there be a shortfall to address?

Your @sipp BDM can help assist with these core points.

Introducing the @sipp Business Development Team

Flexibility, technical expertise and industry-leading customer service. Its all at your disposal. Just drop us a line.



Matt Storey
Head of Business Development
matt.storey@atsipp.co.uk
07508 313 084
Scotland, Northern Ireland & South-East England



Kerry Houghton
Business Development Manager
Kerry.houghton@atsipp.co.uk
07496 992 312
Northern England, Midlands & Wales



Josh Legg
Head of Strategic Partnerships
josh.legg@atsipp.co.uk
07856 913 956
South-West England & London



Greig McGhie
Sales Support
greig.mcghie@atsipp.co.uk
0141 204 7959

@sipp Limited 6th Floor,
Mercantile Building
53 Bothwell Street
Glasgow G2 6TS

Tel: 0141 204 7950
Fax: 0141 243 2257
Email: admin@atsipp.co.uk
www.atsipp.co.uk

@sipp Limited is registered in Scotland (Registered No. SC217126) and has its registered office at 6th Floor, Mercantile Building, 53 Bothwell Street, Glasgow, G2 6TS and is authorised and regulated by the Financial Conduct Authority under Firm Reference No. 462907 and you can check this authorisation at www.fca.org.uk or by calling the FCA on 0800 111 6768.