

COMMERCIAL PROPERTY – DISBURSEMENTS

There will be a number of additional costs (referred to as disbursements) involved in purchasing property that you will need to consider. The major items, together with detail to help you determine the costing involved, are detailed below.

1. Stamp Duty Land Tax (“SDLT”)

Where you choose to invest your pension fund in property and use the funds available to purchase a property for valuable consideration, there will be SDLT to pay on the transaction. The table below sets out the current applicable rates of SDLT.

The amount of SDLT payable and the method of calculation will differ depending whether the transfer of property is;

- (i) Freehold property;
- (ii) An assigned lease (where there was already a lease in place which is being assigned to you); or
- (iii) A new lease (where there has been no previous lease of the property to assign).

The method for calculating SDLT for leasehold properties is different depending on whether the lease is an assigned lease or a new lease. SDLT for new leasehold properties is calculated both on the premium paid and on the net present value of the rent payable. For more information see HMRC guidance:

<http://www.hmrc.gov.uk/sdl/transaction/leasehold.htm>

No SDLT is payable if the property is being transferred from your existing pension scheme for no value.

Freehold Transfers and Assigned Leases

Purchase price/lease premium or transfer value (non-residential or mixed use)	SDLT rate
Up to £150,000* - annual rent is under £1,000	Zero
Up to £150,000* - annual rent is £1,000 or more	1%
Over £150,000* to £250,000	1%
Over £250,000 to £500,000	3%
Over £500,000	4%

* The first time buyer's £250,000 threshold applies from 25 March 2010 up to 24 March 2012 inclusive (Residential property only)

New Lease: Additional SDLT on rent

Net present value of rent - non-residential	SDLT rate
£0 - £150,000*	Zero
Over £150,000*	1% of the value that exceeds £150,000

2. Land Registry Fees

Fee Scale One (transfers of freehold or leasehold property for monetary consideration:

Amount or value (£)	Fee (£)
0-50,000	50
50,001 – 80,000	80
80,001 – 100,000	130
100,001 – 200,000	200
200,001 – 500,000	280
500,001 – 1,000,000	550
1,00,001 and over	920

- Where the registration of leasehold is voluntary (i.e. no compulsory registration applies) then there is a reduced fee payable. We can advise you on whether this applies to your specific property transaction.
- For more complex transactions, or multiple transactions Fee Scale Two may apply. We can advise you of this in relation to an individual transaction.

- For more information about the likely land registry fees available on your property transaction, the land registry provides an online calculator: <http://www1.landregistry.gov.uk/online/feecalculator/>.

3. Property searches

There will be a number of initial searches that your solicitor may suggest conducting on the property, to find out more about the property in which you are planning to invest. The searches that will need to be done in each case will be specific to the property and its location. Below are some examples of commonly conducted searches.

Local authority search fee: circa £200. This will vary depending on the area.

Copy of title register from Land Registry: £8 and title plan £8.

Water and Drainage search: circa £100. This will vary depending on the area.

Environmental search: £270.

Chancel Repair Search £18

4. VAT

Check whether the property is registered for VAT or should be registered for VAT.

5. Mortgage lender fee

This will vary for each individual lender. If you will borrow from a lender to fund your purchase, it is another cost to consider when considering investing your fund in property.

6. Bank Transfer Fees

Curtis Banks PLC
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