

GUIDANCE NOTE

RENT CONCESSIONS AND SUSPENSION: CONNECTED TENANTS

MARCH 2020



We appreciate that given the current impact of COVID-19, the ability for tenants to pay rent could be impaired. Under HMRC regulations we are required to act as any normal landlord would, in order to prevent the SIPP fund from incurring significant tax charges for any unauthorised payments. We are not aware of any relaxation of these rules at this point. We do appreciate however that our normal collection and arrears chasing process may need to be adapted in this situation to ensure that businesses can continue to trade throughout the period and into the future.

With this in mind we have reviewed the actions being taken by other landlords and would like to set out the current options we have available to assist and support you in this period. Please note that new changes are coming in every day and we continue to monitor developments and react accordingly. These proposals will allow us to take into consideration any further Government directives or HMRC guidance provided in current months.

Rental payment timing adjustments

- If you are currently invoiced quarterly, you could consider making three payments towards this invoice to help with cash flow
- If you are currently invoiced monthly, you could consider making weekly payments towards the invoice to help with cash flow.

Rent suspension

Rent from the current March quarter, or rent for the months of April and May, could be suspended until June 2020.

In June 2020 we would contact you to discuss how the suspended rent will be cleared. It is important to note that at this point the next period's rent will also be due.

If the historic invoices can be settled in full we would accept a BACS payment at this point. If the historic invoices cannot be paid in full we would look to agree a set repayment plan over a period

of time. A formal agreement would be put in place and an administration fee would be charged as per our normal procedures.

If a further suspension is required in June 2020 we can negotiate the terms at this point.

If you are paying by direct debit or standing order, it is your responsibility as tenant to contact your bank to amend the payments.

Rent concession

As companies currently cannot easily demonstrate the financial impact COVID-19 is having on their businesses, we suggest that rent concessions are only considered after June 2020. This will be on the basis that evidence can be supplied to show the inability to cover the historic invoices or the potential future period.

We would then look to instruct a valuer to provide us with guidance on what rent concession

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or rent-free period could be put in place, given the current trading position and economy. Waiting until after June 2020 will also allow us to assess any future changes that could be implemented to help businesses.

Other considerations as a connected party

- Are there sufficient funds within the SIPP to cover loan repayments, service charges, insurances, and other associated property liabilities?
- In the event sufficient funds are not available and we cannot procure concessions from third parties (e.g. mortgage repayment concessions), additional funds will be requested from associated investors. Where rent is key to pension income, please note that any concessions agreed may affect your pension income levels.

Contact Details

If you'd like to speak to us about anything on this guidance note, please email:

propertycreditcontrol@suffolklife.co.uk

Please remember not to send any personal, financial or banking information via email as it is not a secure method of communication.