

How to fund a capital purchase without using your bank

Do you need funds for a purchase within your business such as a property, fixed assets or perhaps some land to build new offices? One option that may be available to you is to fund the purchase as a loan via your pension from a Small Self-Administered Scheme (SSAS).

A SSAS can loan up to 50% of the net fund value to the sponsoring employer but there are some restrictions to bear in mind:

- The loan must be secured as first charge on assets that are, and will remain, at least equal to the face value of the loan
- The interest rate of the loan must be at least 1% above the prevailing base rate
- The term cannot exceed 5 years
- It must be repaid by regular payments of capital and interest



Simon Jackson DipPFS
Independent Financial Planner

Highly Tax Efficient

Providing the above restrictions are all met, this can be a highly tax efficient way to fund a purchase within your business. Not only will the contributions to your SSAS benefit from corporation tax relief, all repayments of the SSAS loan are tax deductible too.

The ideal security for a SSAS loan would be commercial property and land but residential property can also be used along with most tangible moveable property.

However, it should be noted that SSAS loans cannot be made to a third party connected in any way to a SSAS member. Equally, a SSAS established by a self-employed business owner or partnership may not lend money back into their business.

To discuss whether a SSAS loan back could work for you, please contact Simon Jackson on 01789 263257.

Information in this document is valid for tax year 2023/24

04/2023