



The Xafinity Self Invested Personal Pension (SIPP)

In-specie Contribution Guide



If you require this document in another format for ease of reading, please let us know.

This document has been written for The Xafinity SIPP. However, if you have a Xafinity Self Invested Personal Pension Plan it is still correct in its technical content but there are some minor differences.

You can find out what SIPP you hold by looking at your Policy Number. The table below explains the differences to consider when reading this document.

Policy Number	SIPP Name	Differences in this guide
1nnnnn (6 digits starting '1')	The Xafinity SIPP, and SimplySIPP	None
5nnnn (5 digits starting '5')	Xafinity Self Invested Personal Pension Plan	<ul style="list-style-type: none"> • The SIPP is not Defaqto rated; and • The SIPP Provider is Bank of Scotland

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Important Note

This document is updated regularly. Please ensure you are referring to the latest documents, by downloading them from Xafinity.com.

[In-specie contributions are not an option with the SimplySIPP. If you have a SimplySIPP and wish to make an in-specie contribution, please contact us about moving to the full Xafinity SIPP.](#)

In relation to a contribution of property or land, this document **must** be read in conjunction with our “SIPP – Commercial Property Guide” and “SIPP – Surveyor’s Guide”.

Introduction

Background

It is possible for an asset owned by a Company or an individual in the UK to be transferred into a Xafinity pension scheme and treated as a contribution.

There are regulations applying to this, which are explained by this guide, that must be met. With this in mind, **we strongly recommend** SIPP members fully discuss any proposed in-specie contribution with their advisers before commencing any work, as it could lead to fees being applied.

The purpose of this guide is to provide you with an overview of the main points and detail our requirements. If the proposed contribution is property or land, this guide **must** be read in conjunction with our “SIPP – Commercial Property Guide” and our “SIPP – Surveyor’s Guide”.

You should note that we will require a SIPP to be established with a minimum fund value of £10,000 before an in-specie contribution can be considered.

HMRC & Legal Debts

In-specie contributions in their strictest sense are not allowed as current legislation is framed in such a way that contributions need to be expressed as cash sums. However, it is permissible for an agreement to be made to pay a monetary contribution and then to settle this debt by way of a transfer of an asset or assets.

To satisfy this, an irrevocable legal debt must be created in relation to the transfer. Once in place, the SIPP Trustee must legally pursue this debt if it is then not satisfied. With this in mind, it is imperative that the contributor is fully aware of their commitment on establishing the irrevocable legal debt. Any fees in respect of pursuing any irrevocable legal debt that is not satisfied will be payable by the SIPP.

A contribution is not deemed to have been paid until the legal ownership of the asset that is to be contributed has been transferred to Xafinity Pension Trustees Ltd (XPTL). The creation of a legal debt does not in its own right constitute a contribution being made; only the settlement of it does.

Risks

A formal debt has to be established as part of the process. This cannot be cancelled and must be pursued until it is settled. The value of the asset transferred is determined at the point at which ownership transfers to XPTL.

If the asset value is less than the debt, then XPTL must enforce settlement of the balance and this will include formal legal action. If the asset value is more than the debt, then the SIPP will need to pay the difference to represent a part purchase of the assets or it can be regarded as an additional contribution to the scheme.

A practical example may help explain how this works: -

- A SIPP member decides to contribute shares to the SIPP. Rather than sell the shares and then repurchase them in the SIPP, an in-specie contribution is pursued.
- The shares will be valued at the initial stage and the relevant paperwork is submitted. The value of the shares at the initial stage is, for example £8,000.
- The legal debt for £8,000 is created and the paperwork is completed.
- The transfer of shares to settle the debt proceeds and at the time of the transfer the value has reduced to £7,000.
- A legal debt has now been created and the SIPP Trustee is legally bound to pursue this debt.

Our Fees

Xafinity will apply charges for the work we carry out in relation to any in-specie contribution and/or additional work linked with the transfer of ownership of the asset. Details of these charges are available on request from Xafinity and are provided when the SIPP is set up. These fees are in addition to any legal or valuation fees.

Xafinity cannot be held responsible for any fees that arise with any proposed or actual transaction.

Our Role

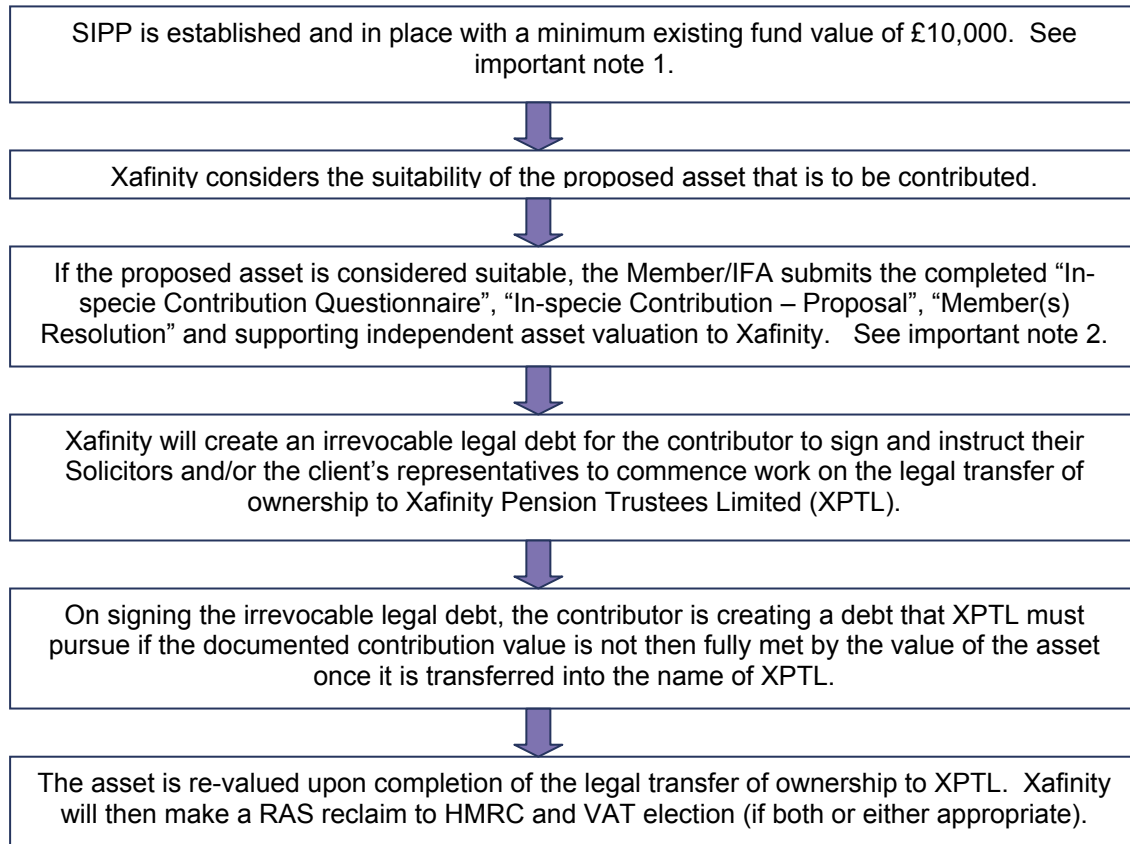
Our key roles are to ensure that any transaction is acceptable, meets HMRC requirements and to arrange the reclamation of the appropriate amount of base rate tax relief on the contribution through the 'Relief At Source' (RAS) system for reinvestment in the SIPP. You should note that the contribution is deemed to be paid, and hence relief claimable, when the ownership of the asset has transferred. In addition, we are here to help co-ordinate the transfer of ownership and assist all parties through the various stages.

Timescales

The time needed for the transfer of the ownership of another asset will vary depending on what this is and when it is agreed as an acceptable asset. In addition, there will normally be a number of parties involved in these transactions and their co-operation is vital to ensuring transactions are completed on time.

As an example, it will generally take around 3 months to complete an in-specie contribution of commercial property or land.

1. In-specie Contribution – Summary



Important Notes

1. The minimum fund value is required in case XPTL need to legally pursue any shortfall between the documented irrevocable legal debt and the actual value of the asset on the transfer of its ownership to XPTL.
2. Where the proposed contribution is property or land, please also refer to our “SIPP – Commercial Property Guide” and “SIPP – Surveyor’s Guide” (see www.xafinity.com). Section 3 of the “SIPP – Commercial Property Guide” provides a summary that will also relate to a property contribution as well as a purchase. In addition, the Member/IFA must submit a fully completed “Commercial Property/Land Purchase Questionnaire”, which is part of Section 9 in relation to the proposed contribution.
3. The Member/IFA must ensure that there are sufficient funds available in the SIPP Halifax Bank of Scotland (BOS) account from contributions/transfers and that borrowing is agreed in principle (if required) to cover all costs (e.g. stamp duty, VAT (if applicable)) and expenses.
4. The SIPP will be represented by Bevirs Solicitors (in England & Wales), Harper Macleod (in Scotland) and Shean Dickson Merrick (in Northern Ireland). Full details of our chosen Solicitors are provided in the “SIPP – Commercial Property Guide”.

2. In-specie Contribution Questionnaire

Please complete the questionnaire below. In addition, you must also provide the documents that are entitled “In-specie Contribution – Proposal” and “Member(s) Resolution” that form part of this guide.

(a) Is this to be a multi-member contribution? If so, please provide the name of each Xafinity SIPP member below and the proposed split of the in-specie contribution between the members.	
(b) Please fully describe the asset that is to be transferred as a contribution.	
(c) Name of contributor and is the contributor “connected” to the member(s)?	
(d) Please provide full details of any Solicitor or Stockbroker that will be acting on behalf of the contributor.	
(e) Is the entire value of the asset to be treated as an in-specie contribution or is part of the transaction to be a purchase? If it is part contribution/purchase, please detail the split below.	
Contribution: £	Purchase: £
(f) Is VAT payable? If so, is the SIPP to “elect to tax”?	
(g) What is the current value of the asset and how has this been valued? Please ensure that you provide a copy of the valuation.	
(h) Is there any existing borrowing secured against the asset that is to be transferred as a contribution? If so, will this be fully settled beforehand? If not, what is the current outstanding amount, whom is the borrowing from and what are the intentions with this borrowing?	
(i) If the assets to be contributed are shares, please confirm if these are quoted or unquoted shares. Whether quoted or unquoted, please confirm if the shares are in a Company that is directly controlled by a “connected party” or indirectly by another Company that is controlled by a “connected party”. In addition, if quoted, please name the Stock Exchange.	

In-specie Contribution – Proposal

(“the Scheme”)

..... of
 (“Proposed Contributor”) hereby wishes to make the in-specie contribution detailed in Schedule 1 below to the Scheme.

For the avoidance of any doubt, this letter is simply a notification of the Proposed Contributor’s wish to make the in-specie contribution detailed in Schedule 1 below to the Scheme. This does not create an irrevocable legal debt in favour of the Scheme for value detailed in Schedule 1. However, the Proposed Contributor understands that such an irrevocable legal debt will need to be created and in place before the in-specie contribution detailed in Schedule 1 is made.

The Proposed Contributor accepts and understands the implications of the creation of an irrevocable legal debt.

Schedule 1

In-specie contribution:

Contribution value: £

Proposed Contribution Date:

Signed on behalf of the Proposed Contributor*: -

.....

Date:

*Where the Proposed Contributor is a Company, this should be signed by two Directors or one Director and the Company Secretary.

Member(s) Resolution

I/We the undersigned hereby declare: -

1. That all relevant information has been/will be provided in relation to the proposed in-specie contribution.
2. That I/we understand that I am/we are fully responsible for ALL disbursements, legal fees, valuation fees and any other fees incurred in this matter even if the transaction is not completed, irrespective of the reason, and that such fees must be met from existing SIPP funds. We hereby authorise Xafinity to meet any of these fees from the SIPP funds.
3. That I/we have read Xafinity’s “In-specie Contribution Guide”, and where appropriate “SIPP – Commercial Property Guide and “SIPP – Surveyor’s Guide.
4. The information that we have provided is true to the best of our knowledge.
5. In relation to Xafinity’s view on the suitability of an asset that is a proposed contribution, I/we accept that this will be based on their understanding of pension legislation. I/we indemnify Xafinity from any liability should a legal debt be created but then the asset cannot be transferred due to legal issues and/or anything previously undisclosed.
6. In relation to any transfer of ownership of and operation of a hotel (or similar), which would or could be classed as an indirect investment in Taxable Property, this will be used for the sole purpose of the Tenant’s trade and no member or connected persons will have the use of the premises or the facilities. I/we indemnify Xafinity from any liability should a taxable charge result from such an investment or inappropriate use of it by members or connected persons.

Please sign on the dotted line and print your name where indicated. All member(s) **must** sign this Resolution.

Date

Signature*:	.....	Signature*:	.....
Print Name:	.....	Print Name:	.....
Signature*:	.....	Signature*:	.....
Print Name:	.....	Print Name:	.....

***Where the member is a Trustee, this signature also constitutes signature as a Member Trustee.**

Contacting Xafinity

SIPP Trustee: Xafinity Pension Trustees Ltd

SIPP Administrator: Xafinity SIPP Services Ltd

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Xafinity SIPP Services Ltd is authorised and regulated by the Financial Services Authority. Our FSA Registration Number is 461791. You can check this on the FSA's website at www.fsa.gov.uk/register. Xafinity Pension Trustees Ltd (1450089) is registered in England at 27 Kings Road, Reading RG1 3AR. Xafinity SIPP Services Ltd is registered in Scotland (No 69096) and its registered office is at Scotia House, Castle Business Park, Stirling FK9 4TZ.

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