

# Tax efficient structuring of a built-to-rent investment

Stamp duty savings for our client



Our client is a built-to-rent investor.

### The challenge

Our client wished to purchase bare land for a residential development which would ultimately be a built-to-rent (or Private Rented Sector) investment. They asked us to advise them on the most tax-efficient structure through which to purchase and develop the land.

### How did Blick Rothenberg help?

We recommended a structure that prevented stamp duty arising on most of the build cost, saved stamp duty on the land purchase and enabled the buyer to recover the VAT to be incurred on the build cost without compromising the stamp duty position.

In broad terms, this was achieved by structuring the purchase in a specific way. Firstly, we recommended that the investor buy the land partly developed, once piling had begun. We then recommended that the investor enter into a separate contract with the seller for the provision of the remaining construction works. Then after practical completion, the investor should grant a more than 21-year lease to a wholly-owned partnership to operate the property-letting business.

### The outcome

As a result, the investor saved stamp duty on the construction works (a principle established by case law) and was able to claim a partial relief for stamp duty and recovery of VAT costs without triggering a withdrawal of the stamp duty relief. The stamp duty saving alone was £1.5m, or 2% of the total spend.



We recommended a structure that prevented stamp duty arising on most of the build cost, saved stamp duty on the land purchase and enabled the buyer to recover the VAT to be incurred on the build cost without compromising the stamp duty position.



Sean Randall

Partner  
Corporate Tax

T +44 (0)20 7544 8719

E [sean.randall@blickrothenberg.com](mailto:sean.randall@blickrothenberg.com)

Independent  
Member of **B K R**  
INTERNATIONAL

**B R** BLICK  
ROTHENBERG

a CogitalGroup company

16 Great Queen Street  
Covent Garden  
London WC2B 5AH

T +44 (0)20 7486 0111  
E [email@blickrothenberg.com](mailto:email@blickrothenberg.com)  
W [blickrothenberg.com](http://blickrothenberg.com)