

Commercial Property

Please re-lease me, don't let me go...

RHIANNON PENNEY

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IT IS increasingly the case that tenants struggle to find premises that are suitable for their business needs.

With the uncertainty of the UK's economy in mind, tenants may wish to explore their ability to obtain a renewal lease of their existing premises in order to ensure that the security of their business premises is not at risk and does not become an obstruction to their business agenda.

As a starting point, if you are a tenant with established business plans which include the future occupation of your premises, you should consider how long you have left to run on your current lease. Tenants occupying premises for the purpose of running a business may have a right to request a renewal lease from their landlord where the lease does not expressly exclude the provisions of Part II of the Landlord and Tenant Act 1954. The process for renewing or ending the lease can be initiated by either the landlord or the tenant.

Commencing the renewal procedure and entering into a renewal lease will provide tenants with the benefit of a fixed term. Tenants are advised to consider their renewal strategy at least 12 months in advance - and in some circumstances 18 months in advance - of the expiry of their lease.

Tenants seeking to secure a new lease of their current premises should note the outline procedure:

Franklins Solicitors LLP have an experienced team who can guide you through the lease renewal process and assist with any application to the court that may become necessary.

Should you have any queries in connection with your business needs and the implications of your current tenancy, please contact Rhiannon Penney on 01908 660966 or 01604 828282 or e-mail rhiannon.penney@franklins-sols.co.uk

Opting to renew the lease on your business premises brings the benefits of security and continuity.

- The tenant must serve a prescribed form of notice upon the landlord detailing the terms for the proposed new lease;
- Following receipt of the tenant's notice, the landlord will have a period of two months within which to dispute the grant of a new lease;
- If the landlord is happy for a new lease to be granted, the parties have a specified period of time in which to agree the terms of a new lease. This will be set by the tenant's notice;
- Note that after two months have passed from the date of the tenant's notice, either party can apply to the court to settle the terms of a new lease. Usually however, the parties will negotiate and agree between themselves the terms of the new lease.

Aside from business security and continuity, there may be additional benefits to a lease renewal. For example, it is entirely possible for tenants to come to an arrangement with their landlord whereby they 'roll over' their dilapidation obligations under the current lease into the new lease which has the effect of delaying the need to spend money in repairing the premises.

Note, however, that any outstanding dilapidations could bring a resistance from the landlord to any claim for a renewal lease under the formal notice procedures.



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Pensions

Freedom rules are a real game changer

TONY BYRNE

Managing Director
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IN THE last few years and in particular the last 12-18 months, clients of ours with private sector final salary pension schemes have experienced significant increases in the transfer values of their pensions.

The reason for this is because transfer values of such schemes are affected by both interest rates and so-called gilt yields - the return on government stocks. When both fall, transfer values rise.

Base rates were reduced to a record low recently of 0.25 per cent. The yield on gilts reached a record low of 0.58pc in August last year and although they have increased to 1.37pc at the time of writing, they are still very low historically.

In addition to the rise in transfer values, the government introduced so-called Pensions Freedom in April 2015, as a result of which money purchase pensions such as personal pensions are now inheritance tax free for life and can be inherited not only by your spouse but also your children or grandchildren.

This is a complete game changer. Up until the introduction of Pensions Freedom, it was rarely advisable to transfer your final salary pension to a private one. However, the combination of the above factors and the growing number of companies going bust with large pensions scheme deficits, such as BHS, has created an environment in which many members of final salary pension schemes will benefit from getting their pensions reviewed.

So who is most likely to benefit from such a review? Firstly, your final salary pension scheme must be a private sector one because most public sector pension schemes cannot be transferred into private pensions. Secondly you cannot already be in receipt of a final salary pension.

Subject to meeting the above criteria, you should ideally - though not necessarily - be married, have children and have at least an average attitude to investment risk.

So if you have a private sector final salary pension which is projected to pay you a pension of at least £10,000 a year, you really should take advice from a professional pensions specialist.



Tony Byrne

To find out more, come to one of our free seminars at our Fuzrtzon Lake offices. As an alternative to a seminar, we are offering a free pensions review worth £470 to the first 5 people who contact us before March 21 2017. The offer is subject to qualifying conditions. This is an 'either/or' offer. We offer a great cup of coffee too.

Wealth & Tax Management
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Tony Byrne is a Chartered and Certified Financial Planner, Chartered Wealth Manager and author of Wealth Magic.

Tax

Excessive generosity in bequeathing assets to loved ones can give rise to a capital gains tax headache.

Don't let gifts become a nasty surprise for the recipients

LISA SPEARMAN

Private Client Partner
Mercer & Hole Chartered Accountants

WITH all the celebration surrounding the 50th anniversary of Milton Keynes, it occurred to me that a reminder on the tax rules of giving might be useful.

As a general rule each person can make gifts of less than £250 per recipient per year as well as an allowance of £3,000 per donor per year. Wedding presents of up to £1,000 per person - more for a child or grandchild - are also free of inheritance tax.



Lisa Spearman

Above these levels if you live for seven years after the gift there is unlikely to be any tax. Gifts between spouses are usually exempt although take care if one of

you is not British born.

However, all this assumes that what you give away is cash. If, for instance, you make a gift of an object - jewellery or a painting, perhaps - there might be capital gains tax to pay if the object has risen in value since you acquired it.

Although there is an annual exemption for CGT of around £11,000 a year to help, this is often overlooked and you do not want your generosity rewarded with a nasty surprise.

It is also crucial to ensure that it is a 'proper' gift. If you give

away that painting but keep it hanging on your wall or give away a house that you still live in, there will be a number of tax problems to sort out.

If you are in any doubt, come and see us for a chat... beforehand if possible.

To discuss how Mercer & Hole can help you or your business, contact Lisa Spearman on 01908 605552 or visit www.mercerhole.co.uk

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