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A common investment strategy for small business owners is to use their Self-Managed Super Fund (SMSF) to buy their business premise.

**Their SMSF then leases the property back to their business.**

**BY DOING THIS, SMALL BUSINESS OWNERS:**

- Can hold their important business asset (their work premise) in a tax-effective structure; **and**
- Use capital from their SMSF to buy the property – rather than tie up important business capital.

When a business premise is leased by a SMSF to a business, it is important that the transaction occurs on an arm's length basis (i.e. on a commercial basis).

There should be a formal lease agreement drawn up that is independently verified by a reputable professional, such as a local real estate agent.

The formal lease is a binding document, which means the trustees of the SMSF must enforce the terms of the lease. Rent has to be paid on time lest the tenant incur a penalty.

The laws surrounding the types of business properties that can be purchased through an SMSF are complex. To understand the intricate ins and outs of buying a business dwelling through your SMSF, it is important to visit the Australian Taxation Office website and speak to your mortgage broker and financial adviser.

*By Cameron McDonald  
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**About Cameron McDonald**

Cameron McDonald is a Mortgage Choice franchisee in Melbourne, helping thousands of Australians with their property and finance goals over the last 13 years. He specialises in residential and commercial lending.

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**About The Base Yarraville**

The Base Yarraville is only 6km from the CBD and features a range of versatile workspaces ideal for trades, businesses, SMSFs and investors.

For news, updates and plans visit our website and follow us on social media:



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[www.thebaseyarraville.com.au](http://www.thebaseyarraville.com.au)

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