



What is a Declaration of Trust?



A Declaration of Trust is a legal document which is used to express the agreement between joint owners of a property. It can cover specific issues such as each owner's contributions to the purchase price, the mortgage and other outgoings. A Declaration of Trust should be signed at the time of the purchase of the property.

Why do you need a Declaration of Trust?

- **Unequal contributions** - If you and your partner are contributing different amounts to the deposit, mortgage repayments and costs for the property, a Declaration of Trust can make clear:
 - The amounts paid by each owner,
 - The percentage of the property owned by each owner,
 - And how the proceeds will be divided when the property is sold.

Setting out your agreement in writing at the beginning can help to avoid costly disputes in the future if the relationship between the owners unexpectedly breaks down.

- **Contribution to the deposit** - If you are buying a property and a third party, such as a parent, is contributing to the deposit but will not be named on the legal title, a Declaration of Trust will help protect their contribution.

This is a common scenario for first time buyers whose parents help them step on to the property ladder by contributing towards the deposit.

If you are the third party contributing and already own your own property, it's important to consider the tax consequences. Our specialist team can advise you on the potential tax issues.

How can we help?

At SAS Daniels we have a dedicated team who can prepare the Declaration of Trust for you. The Declaration of Trust will be tailored to your individual requirements. Our specialists work alongside our Residential Property team to ensure the whole process is smooth and stress free. After we have received your instructions, we will:

- Prepare a draft document for you to approve before sending the final document to you to sign;
- Ensure that the Declaration of Trust has been executed properly;
- Provide secure storage of the original Declaration of Trust in our archive;
- Provide you with a copy for your records;
- Offer advice on the Stamp Duty Land Tax and Capital Gains Tax position.



How we've helped clients.

Joint owners making unequal contributions with a contribution from a parent

Angela and Charlie were purchasing their first home together for £200,000 with a 10% deposit of £20,000. Angela was paying £10,000 of the deposit and Charlie's mother was making a £10,000 contribution towards the deposit. They were planning to both pay the mortgage repayments equally.

In this situation Angela, Charlie and Charlie's Mother entered into a Declaration of Trust to state that Charlie's Mother will receive the first £10,000 from any sale proceeds after the mortgage and sale costs have been paid. From the remaining sale proceeds, the Declaration of Trust stated that Angela is paid her £10,000 with the remaining sale proceeds being split equally between Angela and Charlie.

Alternatively, the Declaration of Trust could have stated that Angela and/or Charlie's Mother's contribution would benefit from an increase in the value of the property. It's important to note that with this scenario the contributor (Charlie's mother) should seek independent legal advice and consider whether additional Stamp Duty Land Tax is payable.

Our fees for the preparation of the Declaration of Trust start from £295 plus VAT.
For advice on a Declaration of Trust please contact Aalia Ijaz in our Trusts team on

0161 475 1218 or
email aalia.ijaz@sasdaniels.co.uk

To find out more and view our other services please visit: www.sasdaniels.co.uk



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