



Macra na Feirme

***Summary of
Pre budget Submission 2013***

November 2012

Introduction: The following is a summary of the key issues for young farmers in the upcoming budget from Macra na Feirme's perspective. The retention of existing taxation reliefs and the introduction of new reliefs to support young farmers entering agriculture in areas of land mobility, restructuring and farm investment are essential. These include:

Land transfer reliefs

- **Renewal of young farmer Stamp Duty Relief**
- **Retention of 90% Agricultural Relief**

Investment allowances

- **Renewal of 100% young farmer Stock Relief**
- **Supporting Partnerships and other collaborative arrangements**
- **Targeted Start Up Supports for young farmers**

Land mobility incentives

- **Introduction of a young farmer Land Restructuring Relief**
- **Land leasing tax exemption**

Education and competitiveness

- **Efficiency program across sectors**
- **Education – means testing**

Land transfer

Early land transfer to young farmers is vital to allow them control and develop their farm business and plan out their future growth and expansion and access credit.

Young Farmer Stamp Duty Relief: young trained farmers under 35 are currently exempt from Stamp Duty on land transfers. This measure is due to expire on December 31st 2012. Macra is seeking to have this relief extended up to 2020 in the budget.

Retention of 90% Agricultural Relief: currently, relief is given by reducing the market value on which CAT is calculated by 90%, provided that 80% of the gross assets post transfer are 'agricultural assets.' With the CAT at 30% and a reduction in general tax free gift threshold, this relief is extremely important for the agricultural sector. Macra is calling for the retention of Agricultural Relief in its current format at the rate of 90%.

Investment

For young farmers the first years of installation are the most critical ones regarding income from the farm activity and getting support for investment in the farm business.

Renewal of 100% young farmer Stock Relief: the relief allows young trained farmers offset an increase in the value of their stock against their tax liability while optimizing their trading stock numbers. This measure is due to expire on December 31st 2012. Macra proposes that the 100% stock relief for young trained farmers and 25% stock relief available to all farmers be extended in the upcoming budget for a further 8 years in line with the objectives of the Food Harvest 2020.

Partnerships: for the Department of Agriculture to remove the remaining obstacles in partnerships (eg. currently only allow one Disadvantage Area Payment) and the introduction

of incentives for partnerships and collaborative arrangements such as enhanced Stock Relief for all registered farm partnerships.

Targeted Start Up Supports for young farmers: the limited funding that is available for agricultural schemes needs to be prioritised and targeted at supporting young farmers to start up and develop their farm business. In fact all new farming schemes or initiatives should be tailored to ensure young farmers are encouraged.

Land mobility

Access to land is one of the greatest barriers in Irish agriculture, we need to facilitate young farmers to start up and older farmers to retire or exit with dignity so that the industry as a whole can be more productive and generate more income.

Land leasing tax exemption: for individuals aged 40 years or over who lease out their land on a long-term basis for five, seven or ten years are eligible for tax relief. This encourages older farmers to long-term lease their land and increases the supply of land available to active farmers. Macra proposes the continuation of this relief.

New initiatives: new initiatives within the various sectors to support young farmers should be on going. For example in the dairy sector the new entrant milk quota scheme has proved very positive to assist over 200 non-traditional new entrants into the sector to date. Similar additional initiatives and supports, often with little or no financial costs to the exchequer, are required. In fact all new farming schemes or initiatives should be tailored to ensure new entrants are encouraged.

Land Mobility – new Land Restructuring Relief: Macra proposes the introduction of a young farmer Land Restructuring Relief to allow young trained farmers restructure their farm holdings without being liable for transfer taxes.

Education and competitiveness

On-going education and knowledge transfer are essential for competitive farming. The industry needs young highly trained farmers. Creating obstacles for young farmers to access education will have long term consequences for the industry.

Education – means testing: farm assets are productive assets and are essential to the ongoing survival of the business from generation to generation and cannot be factored into means testing for higher education grants. These sectors of the economy must be exempted from such proposals.

Efficiency programs: Macra believes financial support should be available for participation in discussion groups across all sectors. The Dairy Efficiency Program was very successful and should be continued and targeted especially at new entrants.

Summary: The above reliefs and measures are designed and targeted to encourage young farmers to start up and develop their farm business. For the long term sustainability of farming it is vital to endorse and support these important measures.