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ifac

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Agri Outlook

SPRING 2019

Looking ahead for the new year

Forecasting, tax planning and getting your business PAYE ready.

The long game

The challenges facing the farming, food and agribusiness sector in 2019 are nothing short of incredible, the UK has persisted with Brexit against all prevailing common sense. World trade issues are directly impacting currencies, financial markets and the confidence of business owners and consumers. CAP reductions are coming, carbon taxes look to be inevitable and political uncertainty reigns in many of our trading partner economies.

What does the future hold for the farming, food, and agribusiness sector?

One thing is certain, return on investment, return on assets, or whatever metric you wish to use, must be improved and stabilized to provide protection against future financial shocks at a farm level. We must ask some hard questions; are you making the best use of your assets? Is your farm optimized? Why are you farming?

If you are farming for profit, which the majority of farmers are, could you improve your farm profitability or return on investment? We aren't talking here of the mistakes of the past, leveraging farms to buy risky off-farm assets which proved to be liabilities. We are talking about taking a hard look at the farm; are you in the right enterprise? What needs to happen for your current enterprise to provide sufficient and growing cash-flow? What is likely to happen in your current enterprise over the coming five years?

What alternatives might be suitable for your farm? Can you add another revenue stream to your farm?

Outside the farm gate;
Does Ireland see its farming, food and agribusiness sector as a national asset to be cherished, protected and improved? As a unique strength in a world in which food security and the ability to produce food in an efficient, and environmentally sustainable way, will be increasingly important.

The co-operative model has served the sector well, created tremendous value and delivered (so far) sustainable business models for producer members.

The sector has an abundance of talent from those who produce some of the very best grain, horticultural product, meat and milk in the world, to those who add value or market and sell our products. Could we, as a sector, build stronger bonds, work more closely and deliver more stability to the primary producer?

Let's not forget that the primary producer must be profitable, he/she must have a profit incentive. Some farmers may love to farm, but all farmers must be paid for their work.

Ireland's long-term future remains in the food business, from producing inputs to engineering the best ways to farm efficiently and meeting (some of) the nutrient needs of a world population estimated to be 10 billion by 2050. We should continue to welcome the foreign direct investment of global giants like Google and Amazon while also cherishing our natural asset and those who make their living from the land.

Let's ask the right questions, work together, invest now and play the long game.

John Donoghue
CEO

200 New Jobs in ifac

Ifac is creating 200 jobs across the country over the next three years.

The expansion comes on the back of significant growth in demand for ifac's services over the past 24 months. The new jobs will be spread across tax, audit, corporate finance, financial and specialist advisory, book keeping and support roles.

Regional development

Commenting on the jobs announcement, Taoiseach Leo Varadkar said: "I am really pleased that ifac is announcing the creation of 200 high-quality positions across its 30 branches nationwide. The Government is committed to balanced regional development and we want to help companies to retain top talent to work in their local communities."

Varadkar said: "Gone are the days when all roads led to Dublin." He added that the Government was "strengthening the regions and improving infrastructure to attract jobs and investment".

Top local talent

Ifac chief executive John Donoghue said ifac is committed to providing advice and supporting clients in the farming, food, and agri-business sectors. He said he was pleased to be in the position to announce new jobs at an important time for the industry, with many clients grappling Brexit-related uncertainty.

He said: "We want to attract and retain top talent locally so that our teams can continue to provide the best professional advice available in the regions. We will be offering attractive packages for high-end jobs in an effort to allow young and experienced professionals the opportunity to live and work in their communities at this time of change and growth for our clients and for the firm."

To find out more about our opportunities visit us at
ifac.ie/about/careers

Or call our HR team on
01 455 1036

Mary McDonagh
Head of Payroll Services

Employers beware:

Modernisation is here

1 January 2019 saw the introduction of PAYE Modernisation, the biggest change to the Irish PAYE system since the 1960s. The new regime introduces Real Time Reporting (RTR) whereby every time an employee receives a payment, Revenue must be informed on or before the day of payment. This means that payroll processes and procedures need to be aligned to RTR.

MyAccount - Employee
MyAccount is a single access point for secure online services for individuals. MyAccount enables you to access PAYE services (including Jobs and Pensions), Local Property Tax, Home Renovation Incentive and many more services using a single login and password.

Revenue is encouraging employees to register with MyAccount where they will be able to view their own information in real time. It is anticipated that Revenue will commence updating employee records in the second quarter of 2019 and on a monthly basis thereafter.

Going forward, Revenue will be carrying out end of year reviews. These reviews may lead to an automatic refund of overpaid taxes and USC.

The P60 is being replaced by a Revenue generated end-of-year statement which will appear in MyAccount.

An employee can claim for medical expenses, etc. through MyAccount and a refund, if applicable, will be paid into their bank account.

Employer - New Way of doing things
PAYE Modernisation sees the abolition of "P" forms along with the introduction of new forms (RPN and PSR) and seamless communication between some payroll software packages and Revenue.

Before calculating the payroll (regardless of frequency) an Employer must request a Tax Certificate for each employee. This is known as a Revenue Payroll Notification (RPN).

An Employer is obliged to notify Revenue via a Payroll Submission Request of payments made to employees on or before payday.

On the fifth of the following month, a statement summarising the previous month's payroll submissions will appear on ROS. It is good practice to review this statement as if it incorrect you must amend before the fourteenth of the month. If you do not review, Revenue will assume that it is correct and that the employer agrees with it. This will be deemed to be your PAYE, USC, PRSI, and LPT liability.

The paying over of taxes will remain the same as before.

> One of the key concepts of Modernisation is "Right Person, Right Tax, Right Time."

P60

The P60 is being replaced by a Revenue generated end-of-year statement which will appear in MyAccount.

End of Year

The deadline for the 2018 P35 is the 15 February 2019 if using paper and 23 February 2019 if uploading online. As the P35 is abolished as of 1 January 2019, this will be the last time a P35 will be submitted to Revenue. The end of year process has been a thorn in the side of payroll operators for many years.

On the other hand, employers who used the P35 to balance up at the year-end may find it a challenge moving to real time reporting as it is less forgiving if one does not report accurately.

This year will be the last time that employees will receive P60s.

Making Payments

There is no change to the way employers make payments to Revenue. So, if you paid on a monthly or quarterly basis up to now, this will continue under PAYE Modernisation. However, while the payment due date will remain the same, quarterly and annual remitters will now have a monthly statement issued by Revenue which will become their monthly return. As previously mentioned, it will be very important to provide accurate information for each pay period as you will not be able to correct errors at the end of the year.

Revenue is introducing a variable direct debit from the 25 January 2019. Under this scheme, they will request the value of an Employer's actual monthly liability. An Employer may apply to pay through ROS.

What happens if non-compliant?

Under the old regime, Revenue interventions were by and large in respect of P35s submitted at year-end. Now, with real time reporting, Revenue will have greater visibility, so it is likely we will see an increase in Revenue interventions, Revenue Audits, and fines. The fines are substantial—€4,000 for every breach. If an employer does not have an up to date RPN for one or more employees, the fine could be €4,000 per employee.

Given the oversight that Revenue now has, it is imperative that all employers ensure they are compliant with PAYE Modernisation and encourage employees to register for MyAccount.

Contact Mary, Head of Payroll Services, to find out more **1800 334422** or email **marymcdonagh@ifac.ie**

10 tax saving tips for 2019

Declan McEvoy
Head of Tax

From reducing your income tax to ensuring that inheritance tax and capital gains tax allowances are best used to reduce your taxable income, these tips will help you make the most of your hard-earned income in 2019.

1. Tax Credits
Ensure you are availing of all the credits you are entitled to. These reduce the amount of tax that would otherwise be payable. In addition, where the Employee Credit is not available the earned income credit of €1,350 may be available.

2. Family Wages
A child living at home can earn €8,250 with no tax, PRSI or USC. The child must make a commercial contribution to the farm, must be registered as an employee and an employer return must be made.

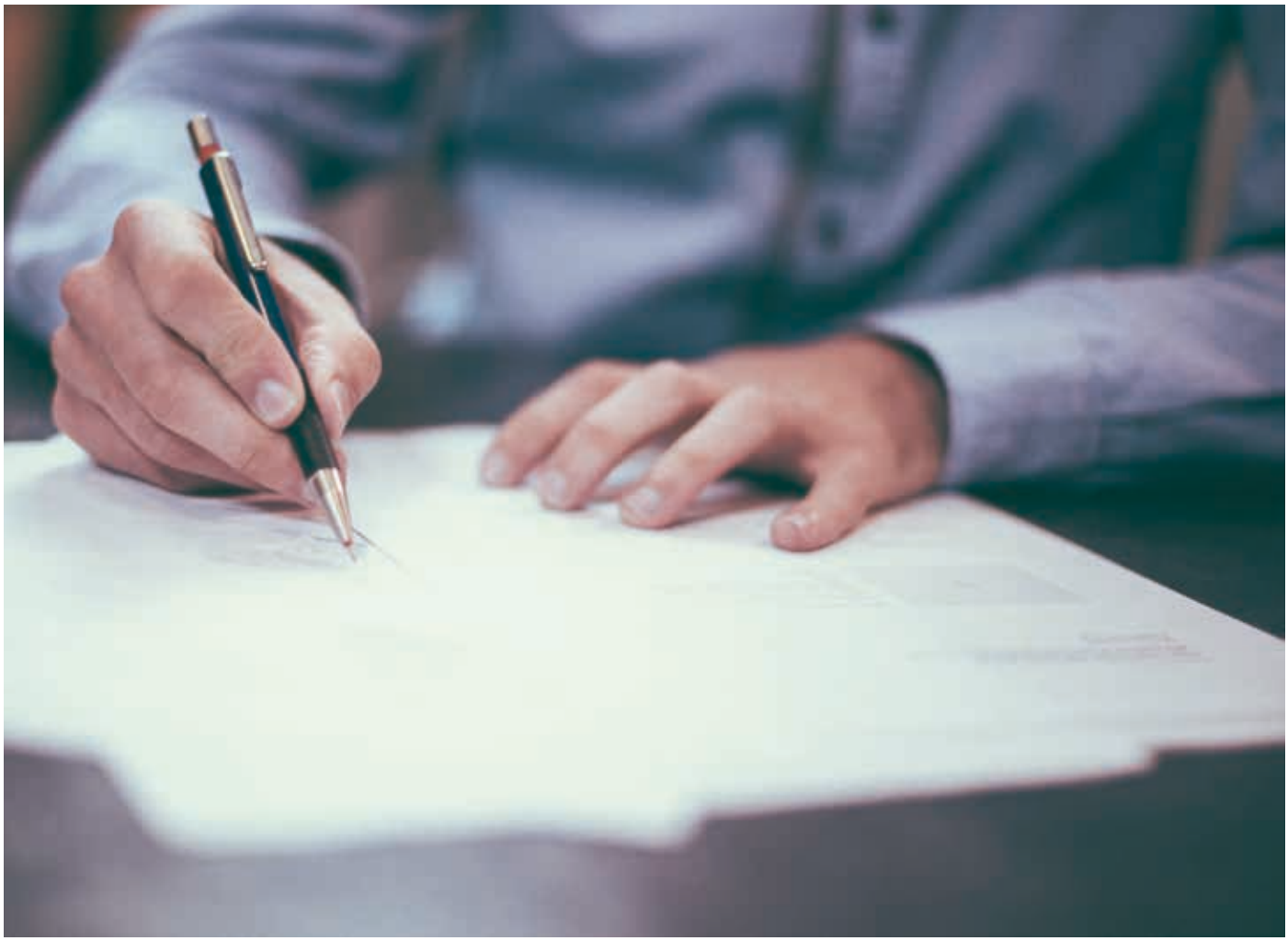
3. Stock Relief
Stock Relief takes the form of a deduction from farming profits. The 25% General Stock Relief, 100% Stock Relief for Certain Young Trained Farmers and 50% Stock Relief for Registered Farm Partnerships have been extended for a further three years until the end of 2021.

4. Land Leasing: Up to €80,000 tax free
If a farmer of any age decides to lease his/her land for a period of five years or more, some or all of that income may be exempt from income tax. If the lease is for 15 years or more, up to €40,000, or €80,000 for a married couple, can be earned tax-free. A qualifying lessee cannot be the lessor's immediate family (e.g. grandparents, parents, brothers, sisters, children, and grandchildren), the spouse of the lessor or the immediate family of the spouse.

5. Farm Consolidation Relief
Under this incentive, Stamp Duty is charged at a rate of 1% instead of the general rate of 6% on transactions that consolidate farm holdings.

6. Agricultural Relief
An individual who qualifies as a farmer may be able to claim Agricultural Relief on a gift or inheritance of agricultural property. For Capital Acquisitions Tax purposes, this reduces the taxable value of agricultural property, including land, by 90%.

7. Transfer of site to a child
A site of up to one acre and up to a value of €500,000 can be transferred to your



500k

can be transferred to your child free from Capital Gains Tax.

child free from Capital Gains Tax. It must be for the construction of your son or daughter's principal private residence. If the house is not built or the site is disposed of or if the house is not built, the relief can be clawed back. Beware of the value of the site as this will reduce the tax-free threshold for Capital Acquisitions Tax.

8. Succession Credit - €25,000

To encourage farmers to transfer their business to their successor, an annual tax credit of up to €5,000 is available for up to 5 years. You must agree to enter into a registered farm partnership and then transfer to a registered succession partnership to avail of the credit.

9. Entrepreneurial Relief - up to €230,000 saving

Entrepreneur Relief is available on the sale of all or part of a farm business. The relief reduces the Capital Gains Tax rate on qualifying sales to just 10% (on gains of up to €1m). The relief does not apply on the disposal of investments or development land.

10. Stamp Duty

When transferring land, remember that there is a lifetime limit of €70,000 on the amount of tax relief/credit that can be claimed under the Young Trained Farmer stamp duty relief, the stock relief for Young Trained Farmers and the succession farm partnerships tax credit.

Contact Declan, to find out more **1800 334422** or email **declanmcevoy@ifac.ie.**

New year, new bank?

Noreen Lacey
Head of Business Development

New Year Resolutions are frequently made and broken before the Christmas decorations are put away for another year! But one New Year resolution that shouldn't be broken is to review your finances and banking information on a regular basis.

When you're on top of your farm finances, you're in a stronger position to manage the business and have more bargaining power with your bank to secure the best banking packages.

Many farmers consider switching their main business banking from one bank to another, but few take the final plunge – perhaps it is a case of "better the devil you know"? The most frequent drivers of farmers ultimately deciding to switch banks include changes in staff, different relationship managers, intergenerational changes in the farm or perhaps they want funding for a new enterprise that the current bank does not have an appetite to fund. Whatever the reason, be clear about the long-term objectives of the business and having detailed income and expenditure projections for the year - vital information for negotiating with banks.

Interest rates are dropping so maybe now is a good time to refinance or negotiate loans that are on a high interest rate.

Switching Banks

If you're considering switching banks, it is important to examine not just the headline lending rate but the overall package – security required, repayment flexibility, fees and charges (including valuations, legal costs etc.). A bank offer that may look cheaper than the rest can often end up costing more in the long run when all these hidden costs are accounted for.

Facility Interest rates

Do you know what the prevailing interest rate is on your current borrowings? Interest rates are dropping so maybe now is a good time to refinance or negotiate loans that are on high interest rate. If you have a strong business, there will be competition for your business on the market and you may be able to negotiate some reduction in fees and charges.

Credit Rating

While the introduction of Switcher Packs has made switching banks easier, delays are still common with the transfer of security as this process can be quite cumbersome. Getting Title Deeds for lands released and moved from one bank to another can take some time – it may take up to three months (or longer) for this process to be fully completed. Farmers should consider keeping a reserve in their existing current account to allow for direct debits, cheques presented etc. that could impact on your credit rating if they are returned unpaid.

Overdrafts

When examining your working capital requirements for the year ahead and reviewing your overdraft facility limit, it's important to start with a cashflow budget and forecast. Banks like to see some sensitivity analysis included in the budget to input and output prices, interest rate changes and fluctuations to yield and output. Try to keep the overdraft facility at a reasonable limit, as most banks require the overdraft facility to achieve a minimum of 30 days in credit per year to allow for a facility to be renewed. High limits can make this requirement difficult to achieve and overdraft rates are also more expensive than term loans, so it may end up costing you more money than you realise in the long run.

Build Relationships

By keeping your bank informed about changes and plans within your business, this helps to reduce any element of surprise for the bank and allows them to know what's coming down the track in terms of capital investment requirements or potential loan repayment shortfalls for the year ahead.

Fixed Rate Loans

If you have entered into a fixed rate loan agreement with your bank, you need to request the break costs from your bank to break (exit) from this agreement. The closer your exit request is to the start of the agreement the higher the break costs. Some fixed rate loans may be on a shorter loan term so weighing up the costs of breaking this loan to extend the loan over a long period may improve cash-flow on the farm, so the penalty may be worth it in the long run.

Contact Noreen Lacey, Head of Business Development today

Contact us at **1800 334422** or email **noreenlacey@ifac.ie** to find out how we can help you grow your business today.

Build a nest egg

Martin Glennon
Head of Financial Planning

While there are many financial planning tips I could give you for 2019, I'm going to stick to one — build a nest egg.

It may not be the most revolutionary tip you will ever hear, and I suspect you have heard it before, but I really believe that this advice is more relevant for farmers than for any other business owner.

Most farmers do not plan to sell their business to fund retirement. Instead, they see themselves as custodians of the land—it was passed to them and when they get older they will pass it on again.

I recently received calls from three different solicitors regarding the transfer of land from father to son. Each solicitor was concerned about the security of future income (annuity or salary) for the retiring farmer and worried whether they were doing the right thing in assisting their client in the transfer.

What are your plans for the farm when you retire? Have any of your children shown an interest? Will the farm be able to support two families?

It can be very difficult to answer these questions. Decisions about the future of the farm are hard, but one decision that will make things easier is deciding to build a nest egg.

This is because building a nest egg gives you options. It helps provide security and makes it easier to plan for succession. However, you need to protect your nest egg from inflation, taxation, and investment risks.

Protect from Inflation – The Silent Thief
Ireland's current inflation rate is about 0.89%. While the rate has been low for the last seven years, Central Banks are doing all in their power to increase inflation. They have pumped $15 trillion into the system over the last four years via quantitative easing. This will

0.89% **Ireland's current inflation rate**

increase inflation and investors need to be aware of the potential impact. Based on an inflation rate of 3% per annum, a sum of €10,000 in 2019 will have a real value of €8,587 in 2024.

Protect from Taxation

One of the most important steps is to protect your nest egg from the ravages of taxation.

The money you take from your business is liable to income tax (max 40%), USC (max 8%) and PRSI (max 4%). Invest the balance and any growth could be taxed at anything from 33% (CGT) to 37% (DIRT).

Worst Case Taxation Example: €10,000 drawn from your business to invest is liable to income tax of 40%, USC of 8% and PRSI of 4%. This would leave a net amount of €4,800. Invest this for 5 years with an annual growth rate of 3%, (which is subject to annual DIRT tax of 37%) and you will be left with a pot of €5,271.

A tax efficient savings account that provides income tax relief and incurs no CGT or DIRT, will protect your nest egg nicely.

Best Case Taxation Example: €10,000 drawn from your business to invest in a tax efficient savings plan, would be free from income tax. Invested for 5 years with an annual growth rate of 3%, (free from DIRT or CGT) and you will be left with a pot of €11,593. Such accounts exist - they are known as pension plans!

Protect from Investment Risks

In order to reduce your risk, you need to diversify by spreading your nest egg across a broad mix of assets. Investment markets move in different cycles, reflecting the underlying strength of the economy, industry trends and investor sentiment. Diversifying your portfolio can help smooth out market ups and downs so that returns from better performing assets help to offset those that aren't performing so well. Back in 2007 to 2009, we all saw the effect that stock market falls had on pension funds, investments and share prices. Managed funds fell on average 34% in 2008.

Most clients want to be involved in the markets (to some degree) when markets are rising but feel more comfortable if their involvement is reduced when fear and volatility take hold. It is for this reason that we believe diversification and risk management are vital.

The bigger your nest egg the better, so help it grow by protecting it from inflation, taxation and investment risk. This will improve your financial security and give you more options when making decisions about the future of your farm.

Contact Martin, Head of Financial Planning, to find out more 1800 334422 or email martinglennon@ifac.ie

Farm Profit Monitor

"A good foundation is half the battle in running a successful farm business!"

Philip O'Connor
Head of Farm Support

Are you planning for profit or just hoping it will happen? A financial analysis process should begin by considering the farm business as a whole.

Questions to consider include:

- What is the financial condition according to the balance sheet and a review of net worth?
- How much debt is there?
- Is the debt manageable taking into account obligations such as taxes, family living expenditures, and business expansion?
- Does the income statement indicate that the business is profitable?
- Are resources (land, labour, capital) efficiently used by the business?

Knowing the answers to these questions will allow the farmer to gain control—to pave out a path they are ready and able for.

A good foundation is half the battle in running a successful business. The Teagasc eProfit Monitor allows you to analyse your past performance in detail. You can also benchmark your performance against your peers, the national average and top 20%.

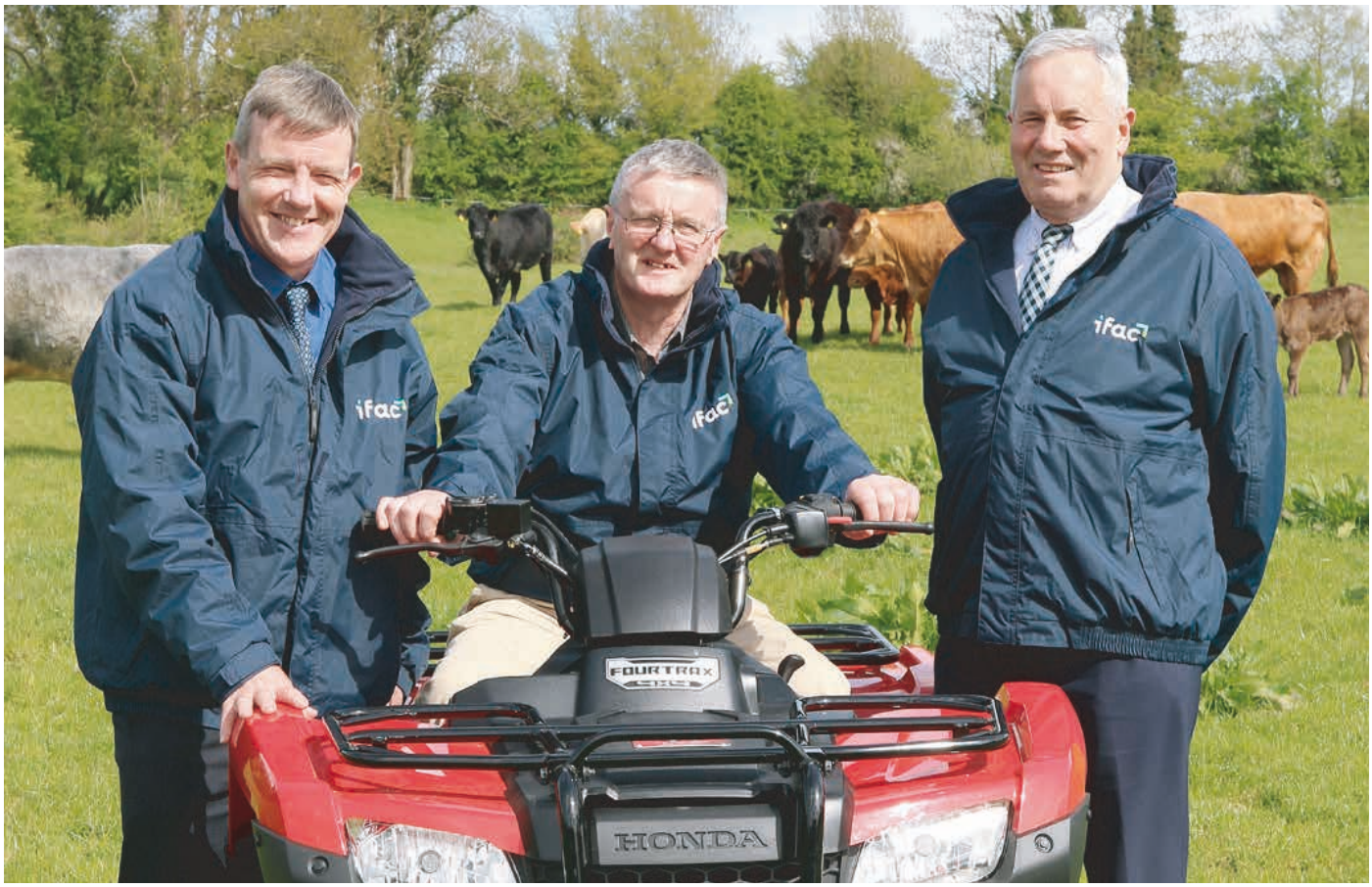
> Over 1,600 farmers are currently using the Teagasc/ *ifac* Profit Monitor Input Data Report and the demand is growing.

You can only plan accurately for the future if you know where you have come from. So, to assist our clients, ifac—in conjunction with Teagasc—have designed a Data Report that allows you to quickly and efficiently complete the Teagasc eProfit Monitor at year-end.

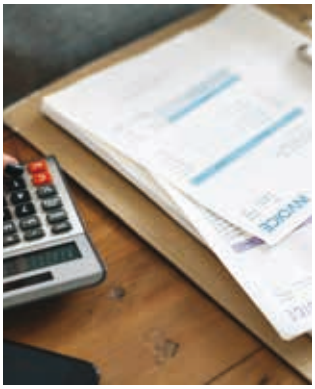
Why do it?

Focusing on completing your 2018 farm accounts with your ifac book keeper early in 2019 will give you a good picture of your financial performance for the year. You can take this information to your Local Teagasc Adviser for further analysis. This is a good habit to get into every year and is especially important as farmers face into 2019. Over 1,600 farmers are currently using the Teagasc/ ifac Profit Monitor Input Data Report and the demand is growing. The Teagasc eProfit Monitor will analyse the financial performance of your farm on a whole farm basis and/or on an individual enterprise basis. This report will help your business operate at a high level of technical and financial efficiency.

The future ambition of Irish farming is to be one of the best exporting farm industries in the world built on stable, sustainable farm businesses that provide a satisfactory standard of living for farmers. Having the right tools in place, and knowing that ifac and Teagasc are ready to help, will enable farmers to deal with any issues that may arise in the coming years. There have been difficult trading conditions in the past and this will



Ifac Partner, Liam Young and Chairman Sean Clarke pictured with last year's ifac member's competition Quad winner Tony Corr



The Teagasc eProfit Monitor allows you to analyse your past performance in detail. You can also benchmark your performance against your peers, the national average and top 20%.

continue into the future. Farmers need to be in control through effective financial planning. The key is to 'ride the storm' and experienced farmers are well aware of the need to steer a steady path.

The ifac /Teagasc Profit Monitor data report is available to ifac clients at no additional cost. The report provides all of the financial data required to complete your Teagasc eProfit Monitor with your local Teagasc Advisor.

Benefits of using the report include:

- Speed: Figures assembled and ready for input
- Accurate: Based on your book keeper's reconciled accounts
- Flexible: Available over any time period
- Ease of Use: Transcribe from paper or online to Teagasc eProfit Monitor

For more information or to request your FREE ifac /Teagasc Profit Monitor Data Report, please contact your local ifac office, your ifac book keeper, your local Teagasc advisor or call 1800 334422.

Contact Philip O'Connor, Head of Farm Support, to find out more **1800 334422** or email **philipoconnor@ifac.ie.**

Contact our experts today

Contact us at **1800 334422** or email **info@ifac.ie** to find out how we can help you grow your business today.

Food & AgriBusiness

David Leydon
Head of Food & AgriBusiness

The ifac offering to Irish companies in the Food and AgriBusiness sector continues to develop rapidly. We work with a diverse range of companies at all stages of development—from agtech start-ups to established businesses with significant international sales.

Ifac **Food & AgriBusiness**

We tailor our offering to fit each company's business needs, taking into account the strength of the management team. Our approach is to deliver the right mix of skills at the right time. We always have an accountant, tax advisor, and financial planner (personal wealth management) on our team and we bring in additional expertise such as audit and payroll when required. Here are some examples of the type of work we do on behalf of clients.

Strategy / Business Advisory

Our strategic engagement projects with companies range from change management to full business strategy development using tools like the Business Model Canvas. We act as trusted partners working to get the best outcome for each client as they overcome challenges and grow their business.

Funding /Corporate Finance

Most of the businesses we work with are growing, so funding is a key issue. Our support covers all aspects of financing from state grants to banking and equity investments. On the state funding side, working on behalf of clients, we have engaged successfully with Enterprise Ireland, Leader, Intertrade Ireland, and the Local Enterprise Office. Believe it or not, there are over 170 state-backed supports available. Grants can be accessed throughout the lifetime of the business from start-up through to scaling established businesses. We have also worked with companies to raise finance to ensure each client gets the best deal and that the right mix of finance is accessed.

Finally, we bring venture capital and EIIS investment to the table as well as highlighting alternative funding options such as peer-to-peer lending.

Tax consultancy

Tax consultancy is very important to many of our food and agribusiness clients. We adopt a forward-looking approach helping each business put the right structure in place from both a tax and commercial perspective. We highlight available reliefs such as Entrepreneur and Business Relief. Tax structures need to be managed carefully with an eye on future equity investments or spin-outs.

We can complete R&D tax credit claims. These credits offset tax liabilities where R&D investment has been made. In addition, we help clients with patent and royalty income to use the Knowledge Development Box to reduce their tax liability.

Accounting, audit and payroll services

Many SMEs miss out on opportunities to optimise their businesses because they do not produce regular management accounts. We help clients produce monthly or quarterly management accounts linked to the Key Performance Indicators (KPIs) for each business. This is proving invaluable for founders and management teams who use the insights it provides to improve

We bring venture capital and EIIS investment to the table as well as highlighting alternative funding options such as peer-to-peer lending.

decision-making as they drive their businesses forward.

For businesses who need audited accounts—whether for internal purposes, for funding applications, or because the business has passed the audit exempt limit—we bring in the relevant skills to audit the company accounts.

With PAYE modernisation now in place, our new payroll team in Kilkenny manage the payroll needs of many of our Food and AgriBusiness clients.

Return on investment

When your business engages the ifac Food and AgriBusiness team, our aim is to maximise your return on investment. We are committed to building long-term relationships which add value and help owners/founders/management teams realise their plans. We enjoy being a strategic partner for companies on a growth journey, creating new products and new services for new markets.

We believe in the Food and AgriBusiness sector's capacity to create wealth and employment in Ireland's regions. As we continue to grow, we are committed to providing strategic business advice and first-class services to the Food and AgriBusiness sector.

If you are interested in hearing more contact me on **01 4551036, 087 9908227** or **davidleydon@ifac.ie** or keep up to date by following us on twitter **@ifac_FoodAgri.**

Una Burgess
Head of HR

Looking after your employees

While the number of farmers nationally may be falling, the scale of individual farms, particularly in the dairy sector, continues to increase.

This increased scale is creating both challenges and opportunities. One of the challenges is the recruitment and retention of good quality high performing staff. In short, good people are hard to find and even harder to keep, here are my top fifteen tips for looking after your best employees:

1. Treat your employees as you would like to be treated. Lead by example but remember your employees will rarely work as hard or as long as you; they don't own your farm, you do.
2. Make sure your employees receive a contract of employment when you hire them.
3. Don't use net pay agreements. Agree a gross (before tax) rate of pay per hour.
4. Remember to make sure you are compliant with applicable pay rates. Irelands National Minimum Wage is now €9.80 (before tax) per hour.
5. Be aware of benefit in kind. If you are giving your employee the use of a vehicle or other non- cash incentive, it may be subject to benefit in kind (a tax charge on the deemed value of the benefit).
6. Make sure you pay fairly and on time, every time.
7. Give your employees a payslip each time they are paid.
8. Keep a record of hours worked and give your employees the appropriate rest breaks.
9. Honour all agreements on overtime, profit share or bonuses etc.
10. Reward extra effort. You can give your employees a tax free voucher of up to €500 once per year.
11. Give clear direction on what tasks you require your employees to complete and provide appropriate training.
12. Give clear, straight forward and honest feedback.
13. Be flexible, we all need to go to a doctor/ dentist/parent teacher meeting etc. sometimes at short notice.
14. Always be mindful of your employees' health and safety and promote the importance of safety in your workplace.
15. Think win-win, if you look after your employees, they will look after your business.

Managing people can be challenging. Having a clear consistent approach to people management is vital. A growing business, be it in the farming, food, or agribusiness sector, will need good people. Be a good manager and you will retain your best people.

Contact Una on **1800 334422**
or email **unaburgess@ifac.ie**

ACCOUNTANCY | PLANNING | ADVICE

ifac
Growing Forward Together

Employers, don't get left behind

1st January 2019 saw the introduction of PAYE Modernisation. Our expert Payroll Team will ensure your payroll is **correct, on-time and tax compliant.**

To start benefiting from our **accurate, on-time, tax compliant** payroll service - contact Mary McDonagh, Head of Payroll Services.

Call **Mary** on **1800 714050** or **visit www.ifac.ie**

Changing farm structures

Changing your farm structure is a big decision for any farmer and all Department of Agriculture, Revenue and legal aspects should be reviewed well in advance.

Declan McEvoy
Head of Tax

Registered Farm Partnerships – Deadline FEBRUARY 2019

Once your accountant and solicitor have examined the proposed structure and confirmed that it makes financial, succession and legal sense, the next step is to deal with the Department of Agriculture. Templates and sample documents to assist farmers are available on the DAFM website.

From a legal and taxation point of view, registered or unregistered partnerships are virtually the same, the main difference is that Department of Agriculture benefits are available to registered partnerships.

Registered Partnership benefits:

- Extra grants available to all partners—double TAMSII
- Allows more than one herd number in the entity
- Sorts all issues with herd numbers and BPS - owner of BPS does NOT transfer entitlements to other partners (unless they wish to)
- Useful as a succession planning tool to bring Young Farmers into business
- Tax benefits – New stock relief 50%

Beware the Joint Herd Number Issue – Am I in a Partnership?

Over the past number of years, some farmers have created "Joint Herd Number" structures in order to qualify for the National Reserve and Young Farmers Scheme without seeking either legal or taxation guidance. The question arises in individual cases as to whether a partnership has been created. Potential problems include:

Whether the structure grants immediate, unintended legal ownership rights to the underlying farming assets of the enterprise, to the new joint owner.

- Whether the structure renders the terms of existing Wills which do not reflect the existence of the partnership open to legal challenge as a consequence of not referring specifically to the partnership.
- Whether the structure creates unplanned and unintended Income Tax, Capital Gains Tax, Capital Acquisitions Tax, or Stamp Duty bills.

Ifac **Do's & Don'ts**

- Do NOT transfer your herd number or BPS to a registered partnership before deciding with your accountant/solicitor who exactly is in the partnership.
- Do NOT transfer your herd number to a registered partnership or joint names if you have applied and not been granted approval for a TAMS grant or GLAS. You must wait until approval has been granted before moving herd number.
- BPS must always be transferred to the new entity before 15 May—next date 15 May 2019.
- Be aware of tax/legal issues of moving a herd number to joint names without setting up either a registered or unregistered partnership.

A properly planned partnership structure such as a Registered or Unregistered Farm Partnership can assist in farm transfers and succession, enhance profitability, improve work-life balance, reduce Income Tax, secure 50% Stock Relief and a potential double ceiling for the new TAMS II Capital Grant. However, before deciding to enter into a partnership, always seek professional advice.

Contact Declan, to find out more **1800 334422** or email **declanmcevoy@ifac.ie.**

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Increase profits and drive growth with advice and consulting from our committed teams of highly experienced professionals.

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Access the right finance opportunities to start, develop or expand your enterprise.

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