



Transferring the Farm

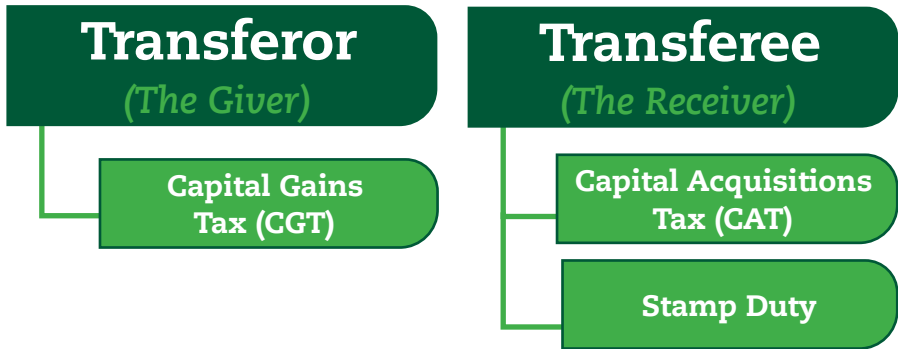
Capital Gains Tax (CGT)

Capital Acquisitions Tax (CAT)

Stamp Duty

What do I need to know?

Transferring the Farm...



Capital Gains Tax (CGT) may apply where;

- ▶ Transfer takes place when the current owner **IS ALIVE**
- ▶ Transfer is by **GIFT** (no money changing hands) OR by Disposal by **SALE**
- ▶ Transfer of a capital asset such as land, buildings, basic payment entitlements (Doesn't apply to livestock, machinery)
- ▶ Taxes the gain in value of an asset at 33% of the gain

Retirement Relief from Capital Gains Tax (CGT)

You *do not* have to retire after availing of this relief

- ▶ Transferor must be at least 55 years of age and must have **OWNED** and **USED** the assets for the business for at least 10 years
- ▶ Where transfer is to a child no upper relief limits and transfer takes place before the Transferor reaches 66 years
- ▶ Transfer to other than a child of the transferor before 66 – €750,000 limit
- ▶ Upper limits on the maximum value of assets transferred that can qualify for this relief if the transferor is over 66 years of age and transfer is to either a child or other than to a child of the transferor
- ▶ Transferee must retain assets for at least 6 years to avoid clawback

Capital Acquisitions Tax could potentially apply on either;

- ▶ Gifts - transfers by Transferor (without full consideration) during their lifetime
- ▶ Inheritances – transfers either by Will or otherwise on death of Transferor
- ▶ CAT potentially applies to total value of land, buildings, BPS entitlements and other assets received less any consideration given to Transferor
- ▶ Rate of Capital Acquisitions Tax is 33%

	CAT Group	2021 Threshold
A	Son/Daughter, minor child of deceased child	€335,000
B	Lineal Ancestor/ Descendent, brother, sister	€32,500
C	Any other person	€16,250

Agricultural relief – main relief to look at for farm transfers

- ▶ Reduces the taxable value of what is received to 10% of its value before comparing to the relevant tax free threshold conditions applying – 2 main tests
 - ▶ Financial Farmer Test – 80% of transferee’s assets must be agricultural
 - ▶ Active Farmer Test – transferee or a lessee must have agricultural qualification or must commit to spend 50% of working time farming
- ▶ To avoid clawback must retain assets received for 6 years

Stamp duty Potentially liable on Transferee where Transferor gives a lifetime gift

- ▶ Does NOT apply on inheritances
- ▶ It is calculated on total value of land & buildings received
- ▶ Not applied to EU CAP entitlements received
- ▶ Rates of Stamp Duty:
 - ▶ 7.5% on non-residential assets such as farm land & buildings
 - ▶ 1% on residential assets (2% on excess over €1 million)

Young Trained Farmer Relief

- ▶ Transferee under the age of 35 at date of transfer
- ▶ Must have achieved a minimum Level 6 Agricultural qualification
- ▶ Must have Business Plan (My Farm, My Plan) certified by Teagasc
- ▶ Transferee must actively farm the land for 5 years after claim
- ▶ Potential full relief from Stamp Duty

Consanguinity Relief

- ▶ Where Transferee is a blood relation of Transferor
- ▶ Imposes maximum potential Stamp Duty rate of 1% (current rate, annual budgets may change this rate)
- ▶ Farmland only and must be actively farmed after transferring (by anyone)
- ▶ No age limits on either party to the transfer at present

The “Green Cert”

3 OPTIONS:

Full-time Course

It is available in Teagasc agricultural colleges. The course runs full time from Monday to Friday, September to May, for two academic years, and includes 12 weeks of placement on a host farm. **The course fee is €1,700.**

Part-time Course

It is available in Teagasc regional offices and in Teagasc colleges. It is delivered for one day or two evenings per week for two academic years, and is available to students over the age of 23 only. **The course fee is €1,700.**

Online Distance Course

The New Online Course is only available to holders of a Level 6 or higher major award in a non-agricultural discipline. It is delivered over a 14-18 month period; **The course fee is €2,990.** Applicants must also have continuous access to a commercial farm in the Republic of Ireland (home farm or approved nominated farm).

Talk early – talk often....

- ▶▶ To your accountant; to your solicitor; to your farm adviser
- ▶▶ Your family members
- ▶▶ The tax reliefs are there but you must comply with their conditions to benefit
- ▶▶ Pay attention to taxes and maximise reliefs to minimise tax **BUT** don't let taxes completely dictate what is right for you and your family when it comes to farm transfer.

For more information scan the QR code

