

FARMING AND PROPERTY BULLETIN – DECEMBER 2013

SPS Payments 2013

The RPA paid some 95,600 farmers (92.3% of 2013 SPS claimants) on 2nd December when the 2013 SPS payment window opened.

Chancellors Autumn Statement

The Chancellor has announced the Autumn Statement, said to be fiscally neutral. Aside from the headline grabbing changes to the state pension age, the following points are likely to be of interest. Many of the announcements lack detail at this stage. The full Autumn Statement can be found on the GOV.UK website.

Business rates

- A package of measures to address concerns over business rates includes the following proposals:
 - A consultation in spring 2014 on longer term reforms to the business rates system
 - Capping the RPI increase in business rates at 2% for 1 year from 1 April 2014
 - Introducing a business rates discount of £1,000 for retail and food and drink premises with a rateable value below £50,000 for 2 years from 1 April 2014.
 - Introducing a reoccupation relief of 50% for 18 months for businesses that move between 1 April 2014 and 31 March 2016 into retail premises that have been empty for a year or more.
 - Allowing businesses to pay business rates over 12 months rather than 10 months, with effect from 1 April 2014
 - Extending the doubling of Small Business Rate Relief for a further year from April
 - Consulting on reform to the business rates appeals process and committing to clear 95 per cent of the backlog of appeals at September 2013 before July 2015

Taxation of Partnerships

The Statement appears to say that the Government will take forward its June 2013 proposals to revise the taxation of some partnerships. Those proposals were to:

- prevent mixed partnerships of individuals and companies from shifting income between them to minimise tax
- see through LLPs which disguise what are really employment relationships

Stamp duty land tax: Charities Relief

The government will legislate in the Finance Act 2014 to make it clear that partial relief from SDLT is available where a charity purchases property jointly with a non-charity. The charity will be able to claim relief from SDLT on the proportion of the purchase attributable to it.

Fuel Duty will be frozen for the remainder of the current Parliament.

Council Tax

Confirmation of the recent statement that a national council tax discount of 50 per cent will be applied to annexes.

National Insurance

Employer National Insurance is to be abolished for employees under the age of 21 for those earning less than the Upper Earnings Limit.

Capital Gains Tax

- Private Residence Relief – from April 2014 the 36 month final period exemption will be reduced to 18 months.
- From April 2015, CGT will be payable on gains made by non-UK residents disposing of UK residential property. A consultation on how best to introduce this will run in 2014.

NVZ Field Heap Rule Change

From 16th May 2014 in addition to other pre-existing rules on the siting and storage of manures in field heaps, new rules apply. You must not build or maintain a field heap within 30m of surface water (including ditches) if the land slopes steeply (12 degrees (1 in 5, or 20%) or greater) and you must make your field heap as compact as reasonably possible, i.e. taking up as small a surface area as practically required to avoid the heap collapsing. The new rule has come in as a result of pressure from the EU Commission.

The guidance now states: "You will need to make your field heap as compact as reasonably possible, i.e., taking up as small a surface area as practically required to avoid the heap collapsing. We would not consider a heap that was well built (i.e. as compact as reasonably possible) and which had lost height/volume over time as a result of the natural composting process to be in breach of this rule. Heaps made using a tipper trailer, for example, would be expected to be less compact than one made using a front loader on a tractor with some unevenness in the height and width. In addition, the shape of the available site may affect the shape of the heap: a heap constructed along the edge of a field may not be as compact as one built where there was more room to make it round."

Improvement, Repair or Replacement?

Tax relief is available on the cost of repairing an asset which is used in a farming business whereas there is no tax relief on the capital cost of replacing or improving assets, unless this is available under the capital allowance regime. The loss of Agricultural Buildings Allowances has made the distinction between property repairs and improvements particularly important for farmers to identify in their accounts and tax returns.

There is no clear dividing line between what qualifies as a repair and what constitutes capital expenditure and over the years there has been a lot of case law in this area. HMRC issued new draft guidance this year on its view of what constitutes a repair and what is a renewal which provides their view about the main issues together with some practical examples. Each case will be decided on its own merits.

Tenancy Reform Industry Group – Revision of Tenancy Legislation

The Tenancy Reform Industry Group (TRIG) is currently working on a number of proposals to revise and update agricultural tenancy legislation. It is hoped these proposals will go to Parliament in late 2014 and be implemented in 2015. The proposals include:

- Revising 'Model Clauses' by consolidating regulations with an extended table allocating liabilities by columns for clarity. This includes:
 - Recognition of new items such as radon pumps
 - Gas and electric checks
 - Some items in daily use (electric fittings, door furniture, moving parts) for tenant to repair and replace
 - Electrics – system landlord's; fittings tenant's
 - Water – underground landlord's; above – tenant's
 - Cash figures updated and then indexed by RPI
 - Clarifying issues with liabilities of sub-let cottages
- Option to use an Independent Expert in 1986 Act disputes to enable third party involvement for small disputes, e.g. smaller rent reviews. This would be an alternative to arbitration which would then mirror the 1995 Act which governs FBT's and it would be available for all issues except notices to quit.
- Deregulation of Tenant Right to include the overhaul and modernisation of current schedules or perhaps leave to valuations. This is as a result of the increased and volatile fertiliser prices creating pressure from the industry to update the figures used in the calculation of compensation.
- Succession – The Future of Farming (FOF) referred this to TRIG to consider. FOF recommended such revisions such as removing the 65 age limit on going to Tribunal, repealing the commercial unit test and raising the bar for the suitability test, reviewing who are 'close relatives' and setting a maximum tenant's age for succession. TRIG is currently debating these and not all, if any, may be agreed.

ADKIN 53rd ANNUAL HAY & STRAW AUCTION SALE

TUESDAY 14th JANUARY 2014

at 2.30pm

in Loyd Lindsay Rooms, Ardington

Wantage, Oxon OX12 8PS

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