



Agricultural and Rural Affairs Bulletin

Welcome to the Lamont Pridmore Agricultural and Rural Affairs Bulletin, our regular publication keeping you up to date with the latest developments relevant to this sector. For further information on these or any other farming or agricultural-related issues, please contact us on 0800 234 6978 or visit www.lamontpridmore.co.uk

Changes to livestock movement rules to save £70 million over 10 years

Environment Secretary Owen Paterson has announced that changes to livestock movement rules will save farmers and taxpayers £70 million over 10 years.

Mr Paterson says cuts to red tape will ease the burden on farmers and other rural businesses, and will help prevent and control the spread of diseases such as bovine TB.

He said: "Our farming industry is a cornerstone of our economy but for too long farmers have had to operate within overly complex rules and requirements.

"This change to the system for reporting animal movements will save farmers and taxpayers millions of pounds, while increasing our resilience to animal diseases."

A number of changes are being made from 2016 which will include:

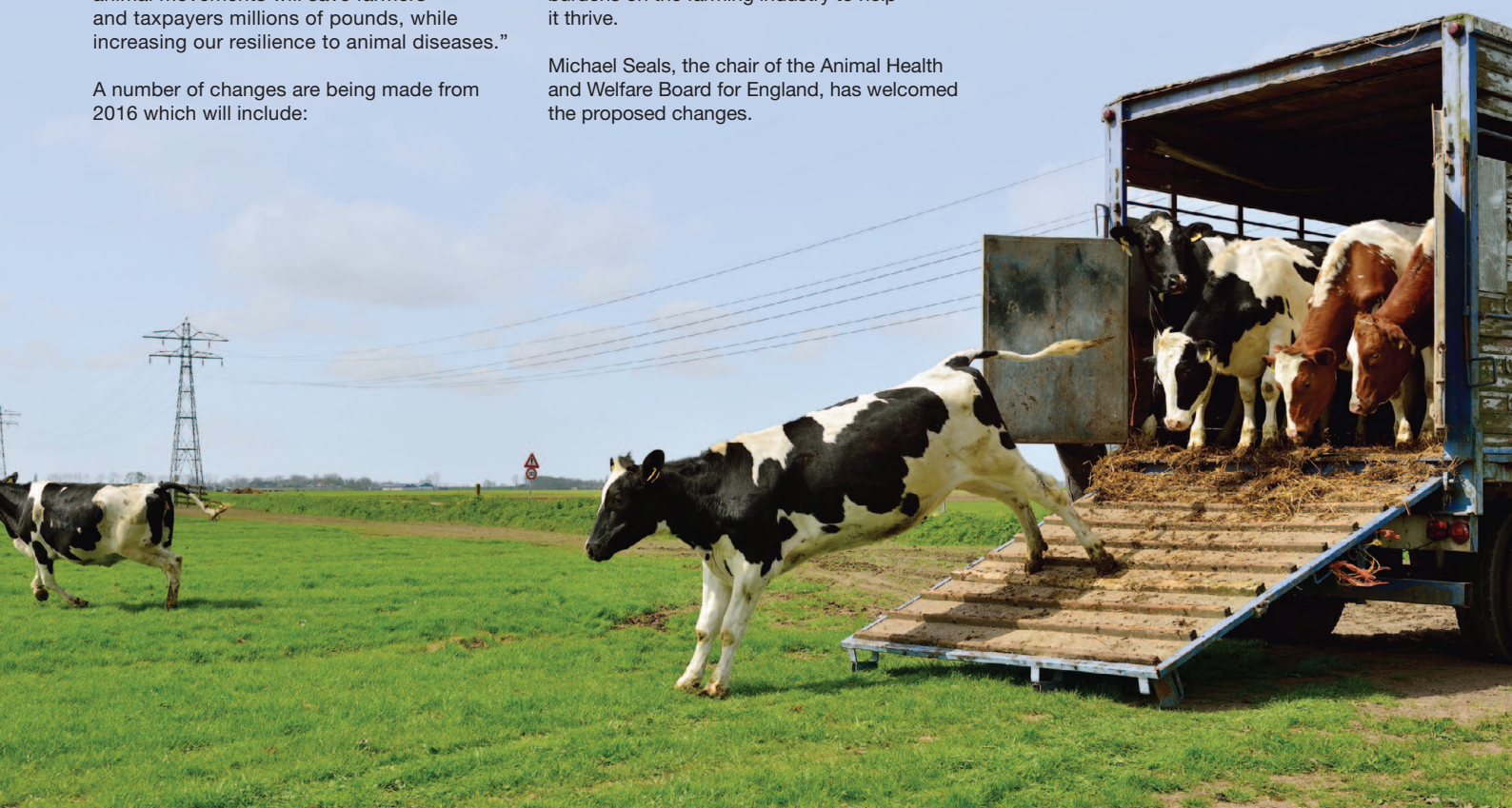
- Allowing sheep farmers to increase the size of their farms from five miles to 10 miles, meaning they can move their livestock around more without needing to report it
- Removing the need to report grazing on temporary land within ten miles
- Making animals healthier and safer by ensuring animal movements are more traceable without increasing red tape, by scrapping Sole Occupancy Authorities (SOAs) and Cattle Tracing System (CTS) links.

The changes have been announced following recommendations made by The Task Force on Farming Regulation which was set up by Defra to find ways of cutting red tape and burdens on the farming industry to help it thrive.

Michael Seals, the chair of the Animal Health and Welfare Board for England, has welcomed the proposed changes.

He said: "These changes will improve our ability to react to disease outbreaks by creating a more effective system to report and track livestock movements. When an outbreak occurs, having a clear idea of where animals have been is vital in ensuring we swiftly get to grips with the disease."

Richard MacDonald, chair of the Farming Regulation Taskforce, added: "These proposed changes follow closely part of the Task Force recommendations and will make a really significant improvement to local livestock movements."





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Could YOU benefit from the Renewable Heat Incentive?

If you already use or are thinking of installing renewable heat technology in your home or business premises then you could benefit from a Government scheme which provides financial support for such projects.

The Renewable Heat Incentive (RHI) aims to encourage more people to install renewable heat generation equipment by providing financial incentives. The Government hopes the RHI will help it meet its target of having 12 per cent of the UK's heating coming from renewable sources by 2020.

RHI was introduced for non-domestic sectors in November 2011, covering commercial premises, public buildings and not-for-profit organisations for the life of the installation or up to 20 years. Eligible technologies under the non-domestic RHI scheme are solar panels, ground source heat pumps, water source heat pumps, biomass boilers and biomethane.

The domestic RHI scheme, which took effect on 31 March 2014, will be open to homeowners, private landlords, social housing providers, third party owners of heat systems and self-

builders using technologies such as air source heat pumps, biomass systems, ground source heat pumps and solar panels. Although tariffs vary depending on the system used, someone using solar panels could receive up to 19.2p per kilowatt hour for hot water and heat which they generate themselves, for a period of seven years. There are further incentives of up to £230 per year if metering equipment is installed to monitor use.

To be eligible, a renewable heat installation must have been commissioned no earlier than 15 July 2009, provided it meets the criteria.

Basic Payment Scheme start date approaching

From 1 January 2015, the Single Payment Scheme will be replaced with the Basic Payment Scheme.

The new scheme includes 'greening' measures which farmers will need to comply with in order to qualify for the full subsidy available.

Although the finer details are still to be confirmed, greening consists of three elements: permanent pasture, crop diversification and ecological focus areas. While the rules on permanent pasture are not expected to have much of an impact, the second and third elements

are likely to prove more demanding.

Although some farmers may qualify for exemptions from some of these greening measures, the rules will be complex with two or three crops having to be grown in some cases in order to comply with the crop diversification rules.

Annual investment allowance doubled to £500,000

If you are looking to invest in new plant or machinery for your business then you may want to consider bringing forward your capital expenditure in order to take advantage of a generous doubling of tax relief available on such purchases.

In his Budget speech, Chancellor George Osborne doubled the annual investment allowance (AIA) to £500,000, which took

effect on 1 April 2014. Of course, the scheme will only run until 31 December 2015, when under the current rules the limit will drop back to £25,000. Business owners wanting to make the most of this generous allowance should consider bringing forward any planned purchases while this higher level is in place.

The Chancellor said that 99.8 per cent of businesses were eligible for 100 per cent tax relief

on £500,000 of investment in eligible equipment.

This unexpected increase will be welcome news for many small and medium-sized businesses as it will enable them to make the investment they need in order to grow their business.

To take advantage of this generous tax relief or for advice on any other tax matter affecting your business, please contact us.

HMRC targets farming corporate partnerships

Farming businesses who have a corporate partnership structure are to face scrutiny from the Government as part of a crackdown on tax avoidance.

Draft legislation published in December by HM Revenue and Customs (HMRC) could reduce the future tax benefit of having limited companies as a partner in the farming partnership.

Using a limited company owned by family

members can enable you to pass on the family wealth without individual members having to become partners in the business.

However, HMRC believes the system is being abused and has drafted new rules designed to clamp down on people using it to avoid paying tax.

The rules have immediate effect but will not be applied retrospectively. This means

that farming businesses using a corporate partnership structure will need to consider their position and how they will deal with the new rules.

At Lamont Pridmore, our agricultural specialists can advise you on practical ways forward. In some cases, this may mean no further action is necessary but in others there may be a need to restructure the business. For further information, please contact us.