

Budget 2012 - Summary of Taxation & Revenue Measures Relating to Agriculture

Stock Relief for Registered Farm Partnerships

An enhanced 50% stock relief (100% for certain young trained farmers) for registered farm partnerships is being introduced and will run until 31 December 2015 subject to clearance with the European Commission under State Aid rules.

Measures to incentivise timely farm transfers

Full retirement relief from CGT for intra-family transfers will be maintained for individuals aged 55 to 66. An upper limit of €3m on retirement relief for business and farming assets disposed of within the family is introduced where the individual transferring the assets is aged over 66 years. This will incentivise earlier transfer of farms. (The current unlimited amount applies for a transitional period of two years for individuals currently aged 66 or who reach that age before 31 December 2013.)

The current upper limit of €750,000 for assets transferred outside the family for individuals aged between 55 and 66 years will be maintained. The upper limit for retirement relief for business and farming assets transferred outside the family is reduced from €750,000 to €500,000 for individuals aged over 66 years.

(The current upper limit of €750,000 applies for a transitional period of two years for individuals currently aged 66 or who reach that age before 31 December 2013.)

Full details of these measures will be set out in the Finance Bill.

Extension of the existing VAT Refund Order for flat-rate farmers to include a refund on the purchase of wind turbines.

The existing VAT refund order, which provides for the refund of VAT paid by un-registered farmers on the construction of farm buildings, fencing, drainage and reclamation of farm land, will be amended to provide that such farmers may claim a refund on wind turbines purchased from 1 January 2012. This change is part of a series of measures aimed at assisting and promoting the farming community.

Farm Assist

Amendments to means test will increase revenue to exchequer.

Disadvantaged Area Scheme

Implement reduction through changes to the eligibility and qualifying criteria. Proposed amendments are subject to approval by the European Commission.

ERAD, Disease eradication

Savings are from anticipated lower disease incidence and operational changes.

REPs

Implement reduction in expenditure through changes in the payment of transaction costs to scheme participants.

The proposed amendments will require Commission approval.

Other Measures

Efficiency in measures and there will be reduced grants-in-aid to Non-Commercial State Sponsored Bodies (NCSSBs).

Commercial State bodies

DAF&M has been proactive in having secured agreement with Coillte to pay the State a dividend of €10 million this year. Other options in regard to the future role of these bodies will need to be considered by Government.

Carbon Tax

Carbon Tax increased from €15 to €20 per tonne effective from midnight Budget night on petrol and Diesel and from 1 May 2012 on other fossil fuels excluding solid fuels. This change equates to 1½c increase in cost of a litre of petrol & diesel. A tax allowance on carbon tax will be introduced for agri-diesel use.

Motor Tax

The taxation rate on tractors will increase by €7 from €88 to €95 per annum.

The rate on commercial jeeps (3L+) will increase by at least €27 per annum.

The rate on passenger jeeps (3L+) will increase by at least €117 per annum.