



The Irish Accounting & Tax Summit 2020

Session 16

Farm Tax Issues – Critical Areas For Deliberation



Presenter:

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- **Farm tax issues –Critical Areas for Deliberation**
- **09/07/2020**
- **Time 12.20-13.20**
- **Declan McEvoy Head Of Tax Ifac**

Introduction

- Farm structures
- Vat and farm buildings –The Little known Trap
- Capital Tax Issues on Farm Dwelling Houses
- Business relief
- Agricultural Relief and Renewables
- Entrepreneur relief and Farmers
- Topical issues-land leasing/farm building allowance/income averaging

Income averaging

- Review of what is averaging
- Changes in 2018
- Election S65(1) tca 97
- Newly commenced –when can they opt in
- Revenue position is that where a loss averaging not allowed
- We have a circuit court appeal ruling that a loss is a nil profit
- Capital allowances
- Cessation of trade –s 67 tca 97

Income averaging and registered farm partnership

- A registered farm partnership is deemed to a continuance of the trade
- No discontinuance
- However cessation under s 67 must be applied
- Review of final year
- Profit as calculated will be included in averaging computation
- Same commencement rules as normal but
- Averaging calculation continues

Farm Building Allowance

- S 658 makes provision for FBAA
- Any person carrying on the trade of farming
- 15% -years 1 to 6
- 10%- year 7
- Where buildings transferred no balance allow/charge
- Transferee steps into shoes for remaining allowances
- Where less than full interest transferred –transferee not entitled to allowances
- Not allowable v rental income

Land leasing

- S 81 SDCA- relief for duty on leases of farm land
- State aid
- Ceiling of 15k to any individual over a 3 year period
- Min 6- max 35 year term
- ROS

Recent issues

- P.U.P
- Taxable
- Ceased trading meant inability to sell
- €350 pw taxable
- Early Retirement Scheme
- In papers
- Informed it was flying a kite
- Incentives here on leasing etc.
- Most farmers eligible for oap



2. Structures



Structure is Important





Why the different structures?

- Capital Taxes – must hold assets for 6 years
- Must carry on a business self
- Stamp Duty
- BPS issues
- TAMS issues
- Registered Partnership issues





Structures

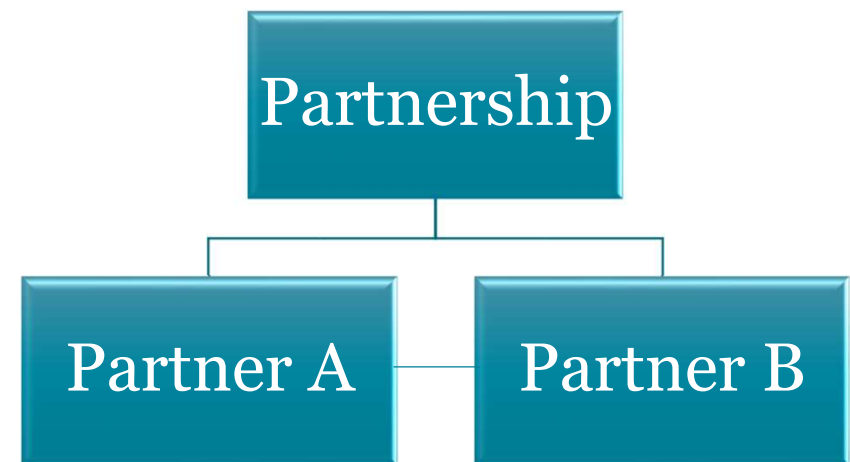
- Sole Trade
- Partnership
- Limited Company
- Hybrids – Company farming in a partnership



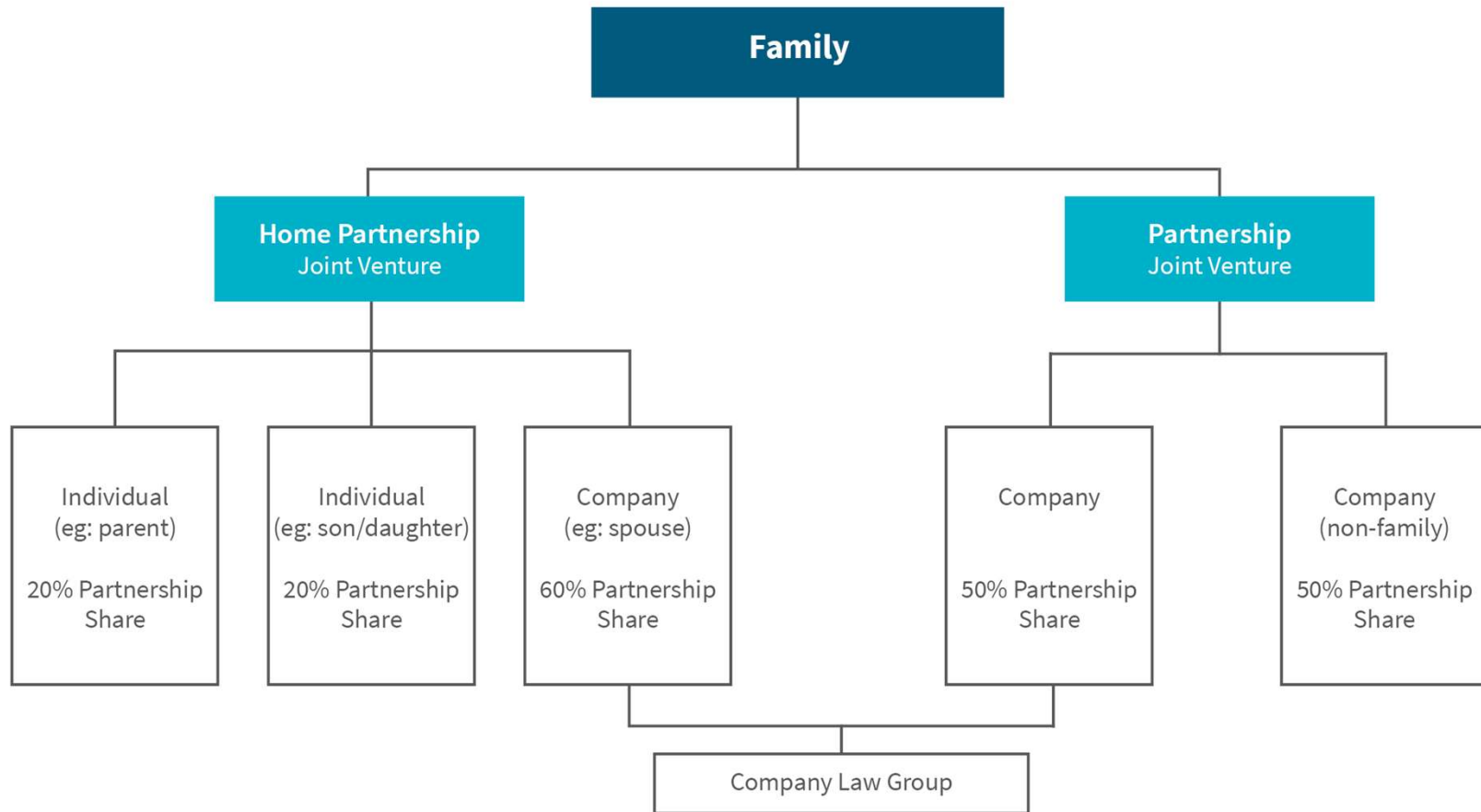


Partnerships

- Tax reporting entity - Partners taxed
- Partners
- Partner salary = profit shift
- Tax status of each partner is looked at
- Main reason –Succession/Tams



Farm Structure Example



Vat issues on Farm Buildings

DM



Effects of VAT Registration

- Subject to same VAT rules as any VAT registered trader, i.e. must account for VAT on sales and entitled to recovery of VAT on inputs related to the Vatable trade (including flat rate paid to non-registered farmers),
- All Vatable trading activities of an individual/company will be subject to VAT on registration,
- No flat rate addition is received and VAT 58 refunds no longer applicable,
- Periodic VAT returns must be filed with Revenue,
- Marts, factories, etc. should be notified of registration,
- Normal VAT on property rules apply – 10/20 year property life (“CGS”), VAT exemption on leases with option to tax.



De-registration

- A farmer can deregister on application to Revenue,
- In doing so a repayment of VAT recovered may be due as he/she must carry out a review of the last 36 months and if VAT reclaimed exceeds VAT paid in that 36 month period a payment will be due,
- An allowance is made for capital spend which would have been recoverable via VAT 58 and also the flat rate addition which would have been available.



VAT 58

- VAT recovery mechanism for Flat-Rate Farmer re;
 - Construction extension and alteration of farm buildings or structures,
 - Farm Land fencing, reclamation or drainage and,
 - The construction, erection or installation of micro-generation wind turbine system or photo-voltaic system installed in or after 01/01/2012.
- Expenditure must be capital and not repairs,
- Claim must be made within 4 years of VAT incurred,
- **Clawback if ceases to be used for farming within 12 months of VAT incurred – includes transfer or lease to a company**



VAT on Property – Farm Buildings

- Subject to same VAT rules as sales of other property
- Vatable if sold within 5 years of completion/development – whether VAT registered or not
- **VAT registered** - Clawback if exempt sale **or use** within 20 years – NB cancellation of election, exempt sale or lease to company
- Non VAT Registered - No 20 year look-back for flat rate farmers but remember the clawback under vat 58 within 12 months of invoice date



VAT - Farm Leases

- Subject to same VAT rules as leases of other property,
- Lease is VAT exempt with opt to tax – landlords option,
- Generally Farmland is leased VAT exempt,
- Lease of Farm Buildings may be vatable where farmer is VAT registered,
- On exercising the option to tax the tenant must be informed in writing – generally include an “opt to tax” clause in the lease,
- Cannot be back-dated.



Farm Buildings – CGS issues

VAT Registered Farmer – seeks to de-register (or move to non VAT registered pship or co);

- Can manage issues on de-reg re machinery and stock – case dependant
- Issue arises on farm buildings completed/developed in last 20 years or since VAT registered
- Face a clawback under CGS;
 - *Cannot opt to tax the lease of buildings under connected party rules – so CGS adjustment*
 - *If transfer must charge VAT (5 yrs) or opt to tax – either way we have 13.5% VAT cost to the non registered farm*
 - *If de-register – CGS adjustment*

Farm Buildings – CGS issues – Potential Solutions



1. Seek concession from Revenue – allow credit under CGS for a farmer where the VAT 58 would applied (similar to old VAT on property rules)
2. Legislative change to exclude all farmers (not just flat rate farmers) from CGS provisions

Farm Buildings – CGS issues – Potential Solutions



3. Sole Trader remains VAT registered and charges new entity for animal board;

- *Farm buildings used for vatable sole trade of animal board*
- *VAT applies at 23%*
- *Issue if parlour is building on which VAT issue arises or any buildings are used by new entity*
- *Dept. of ag versus Revenue - only one herd number*
- *VAT applies on the transfer of stock to new entity – machinery potentially can stay with sole trader*

Capital tax issues

- Farm house and active farmer
- FA 14 changes
- Interaction of leasing the land and the farmhouse
- Concerns
- Revenue clarification -75% of the ag property is leased –meets rules
- What happens where farm house worth more than 25%

Solar Panels

- Prior to 2017 no relief
- FA 2017 brought changes to definition to agricultural land
- Less than 50% of land comprised in gift or inheritance were occupied
- What is 50%
- Definition “ solar panels installed on more than half the total area of agricultural land concerned “
- On 100 acres does this mean if 51 acres under solar the no relief ?

Business Relief

- Business relief available to farm business
- Not to an individual asset
- If land leased out no relief
- Potential for tax for beneficiaries

Entrepreneur relief and CPO's

- S 597AA does it apply to cpo's
- Development land definition contained in s 648tca 97
- Current use value
- Appeal decision on development land
- Where do we stand
- Changes in FA 2017



Q and A

- QUESTIONS
- QUESTIONS
- QUESTIONS

Conclusion



Changes happening
all the time



Structures needed
for non-Tax reasons



Ambiguity in areas



Good solid reliefs
available



Use the tax acts to
benefit your client



Remember with
farming one must be
conscious of the
interaction with farm
schemes



The farmer thinks
differently – always
optimistic

Income Averaging

Instead of being charged to tax on their farming profits in the normal way, individual farmers may elect to be charged on the basis of the average of the aggregate farming profits and losses of the 5 years ending in the year of assessment. In effect, one-fifth of the profits for the 5 years is charged for a year.

Farmers who, or whose spouses, carry on another trade or profession or who are directors of companies which carry on a trade or profession previously could not elect for income averaging unless that trade is in relation to on-farm diversification and conducted on the farmland. However Finance Act 2018 removed these restrictions with effect from 1 January 2019.

Election for income averaging by farmers

A farmer may by written notice elect for income averaging within 30 days of the date of an assessment to tax in respect of farming profits.

An election for averaging can only be made where the farmer had previously been charged to tax under section 65(1) TCA in respect of farming profits for each of the 4 immediately preceding years of assessment. Therefore a newly commenced farming business would be in year 7 before becoming eligible to make an election.

Revenues position is that the word profits here means that averaging is not available where there has been a loss in any of the previous 4 years (or a nil profit possibly due to stock relief).

Reversion to normal basis of assessment

Once an election for averaging is made, a farmer must remain on averaging for a minimum of 5 years. If the farmer wishes to revert to the normal basis of assessment a notice to this effect is to be given with the return of income for the year in question. The 4 years of assessment immediately before the final year of averaging are reviewed and, if necessary, additional assessments are made to ensure that the amount charged for each of those 4 years is not less than the amount charged for the final year of averaging.

Capital allowances

Where a farmer's profits are charged using income averaging, capital allowances, balancing allowances and balancing charges are dealt with as they would have been if the normal, current year basis applied, that is, on the basis of expenditure incurred in the particular year.

Permanent discontinuance of a trade

The cessation rules of section 67 operate even where an election has been made for averaging. However, where the commencement of a Registered Farm Partnership would have meant the cessation of a previous trade of farming, then the cessation will be ignored solely for the purposes of income averaging.

AVERAGING AND INTERACTION WITH REGISTERED FARM PARTNERSHIP

The rules say that the partnership is treated as a continuation of the sole trade but only for the purpose of the income averaging provisions.

This means there is no discontinuance of the trade which would cause averaging to cease, **however the cessation rules in S67 must be applied in the normal manner to the sole trade.**

This causes a review of the final years of the sole trade. The profit calculated under the cessation rules will be included in the averaging calculation for the purpose of calculation the assessable profit under income averaging in the year of cessation.

The same commencement rules will apply to the RFP but income averaging can continue.

The penultimate year of the sole trade is the amount higher of the taxable profits under averaging (£45,603) and actual profits (£68,579) therefore in this case the taxable amount will be the actual amount.

THIS WILL BE INCLUDED INTO THE AVERAGING COMPUTATION

On the commencement of the partnership from 1/7/2019 the farmer is taxable on the profits from the date the sole trade commenced to the following 31 December 2019. In this case 6 months to 31/12/2019 is £90,000, assessable profit is £57,853 under averaging. (see attached sheet for calculation of the figure)

Partnership – future implications

For 2020 under commencement rules taxable on the profits to 30/6/2020 is X.

For 2021 taxable on profits to 30/6/2021 is Y

Will need to calculate a 2nd year excess for 2020

Profits taxable 30/6/2020	X
Actual profits 1/1/2020-31/12/2020	Y
2nd year excess	X-Y

Taxable profits for 2021 30/6/2021 less the 2nd year excess above.

To conclude on the cessation of the sole trade the taxable amount will be the actual of £68,579 as it is higher than the averaging amount.

SEE EXAMPLE

12 months to 31/12/2014	18751	Averaging	
12 months to 31/12/2015	24667		
12 months to 31/12/2016	45494		
12 months to 31/12/2017	70528		
12 months to 31/12/2018	68579		
6 Months to 30/6/19 (cessation)	-10000	45,603.80	
6 months to 31/12/2019 (commencement)	90000		
12 months to 30/06/2020 (commencement)		57,853.60	Estimated

Farming: allowances for capital expenditure on construction of buildings and other works

Section 658 of the Taxes Consolidation Act 1997 makes provision for allowances, referred to as "farm buildings allowances", for capital expenditure on the construction of farm buildings and other works.

Farm buildings allowances are available to any person carrying on the trade of farming. Farming means farming farm land, that is, land in the State wholly or mainly occupied for the purposes of husbandry, other than market garden land.

The rate of the allowance is 15 per cent of the capital expenditure for each of the first six years of the 7-year period with the 10 per cent balance allowed in the final year. Only net expenditure qualifies for farm buildings allowances – any State or other subsidy is excluded.

Transfers of farm land

No balancing charge can arise on disposals of farm buildings. There is no provision in s658 for balancing charges or allowances.

If a person who is entitled to farm buildings allowances transfers the farm land to another person, the transferee becomes entitled to whatever allowances are due for chargeable periods after the transfer.

Where a transferor does not dispose of their entire interest in the farm land Revenues position is that the transferee will not be entitled to the allowances. For example, if a person who holds the freehold title to farm land leases the land to another person that person will not be entitled to the remainder of the allowances.

Neither are farm buildings allowances claimable against the rental income received by the owner.

Relief for leases of farmland

Section 81D SDCA 1999 provides full relief from stamp duty in respect of certain leases of farmland executed on or after 1 July 2018.

The relief, which is intended to encourage more productive use of farmland, constitutes an EU State aid and must comply with EU State aid rules.

It comes within the terms of Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the Functioning of the European Union to de minimis aid in the agriculture sector. In this regard, a ceiling of €15,000 is imposed on the amount of aid that any one farmer or farming entity can receive over a 3-year period. The relevant tax relief schemes are this stamp duty relief and relief given under section 667C Taxes Consolidation Act 1997 (registered farm partnerships).

A lease must be to a farmer. The term of the lease must be for a period of at least 6 years and must not exceed 35 years.

The land must be wholly non-residential and used exclusively for farming carried on by the lessee. For the purposes of this relief, farming includes the occupation of woodlands on a commercial basis.

The lessee must be a farmer (of any age) from the date on which the lease is executed. For the purposes of this relief, a farmer is a person who farms on a commercial basis and has a relevant agricultural qualification or farms on a commercial basis and spends at least 50% of his or her normal working time farming.

Revenue accepts that the lessee may be a company or a partnership. In the case of a company, the main shareholder and working director must be a farmer for the purposes of this relief and must farm the land on behalf of the company. In the case of a partnership, at least one of the partners must satisfy the farming conditions.

It is my understanding in relation to stamp duty on rent at undervalue that the exemption for lease of farmland also exempts the stamp duty on the deemed premium.

When the details are input into the stamp duty ROS form the stamp duty comes up as 0 when the exemption under S81D is claimed.

If the exemption box is ticked full exemption is given both on the annual rent and deemed premium stamp duty charges.

The ROS form does also ask for the amount of relief to be deducted from the €70,000 cap on young farmer relief. However it is the ceiling of €15,000 imposed on the amount of aid that any one farmer or farming entity can receive over a 3-year period (as for 50% registered farm partnership stock relief) that applies to this relief. It does not need to be deducted the €70,000 ceiling on aid to young farmers.

VAT on Farm Buildings & VAT 58 Mechanism

VAT is a tax charged on the supply of goods and services. Business persons supplying goods exceeding €75,000 in value, or services in excess of €37,500, are obliged to register for VAT and file VAT returns with Revenue. It is also possible to elect to be VAT registered. A farmer is a special class of business person, and is not obliged to register in respect of farming activities.

Therefore, farmers can be registered for VAT, or remain unregistered, according to their own business circumstances.

A rough rule of thumb is a dairy farmer generally looks to remain unregistered for VAT, in order to retain the flat rate addition, and also to avoid having to charge VAT on milk sales. Tillage farmers and contractors on the other hand, may consider VAT registration, in order to reclaim VAT incurred on machinery purchases.

It is important to note VAT needs to be borne in mind regardless of whether a farmer is registered or unregistered.

Development work on farm buildings means any transfer or sale of buildings within 5 years of that development should be subject to VAT, regardless of a farmer's VAT status.

If a farmer is VAT registered, additional VAT issues need to be considered. Capital expenditure on farm buildings creates what is known as a 'capital good' for VAT purposes, meaning VAT needs to be considered for a 20 year period. Any transfer or sale of a building within this period can result in a clawback of VAT unless that transfer is considered VATable.

If you are not registered for VAT in respect of your farming activities, you are a flat rate farmer. Aside from the flat rate addition, unregistered farmers who satisfy certain conditions can claim back the VAT on capital expenditure related to the construction, extension, alteration or reconstruction of farm buildings and structures, land drainage, land reclamation, hedgerows and underpasses.

Among other conditions, the land, building or structure must be used in a farming business and you must continue farming in your own name for at least 12 months from the date of the VAT invoice.

An application for repayment of VAT on the above expenditure, via the Form VAT 58, must be made within four years of the end of the taxable period to which the claim relates. This process has moved online in recent years.

If property is sold, leased or transferred within 12 months of the date of the VAT invoice, any VAT reclaimed needs to be repaid because you would no longer farming the property in your own name

Additional VAT charges can also arise on the sale of a farm building that was completed or significantly developed in the five years immediately prior to sale.

Summary

You should always take into account the VAT implications when contemplating leasing, selling or transferring your farm to a company, to family members, or a third party. Never sign a Transfer Deed prior to obtaining tax advice.

A Farmhouse and the 'Active Farmer' Conditions

With Finance Act 2014 came a major overhaul to Agricultural Relief. For the first time it became necessary for the beneficiary of agricultural assets to either farm the land or to lease the land to an active farmer. I am going to look at the interaction of the sub-condition which allows the leasing of the land and the interaction of this condition with the farmhouse.

In order for this condition to be satisfied the beneficiary must *'leases the whole or substantially the whole of the agricultural property, comprised in the gift or inheritance for a period of not less than 6 years...'*.

A major concern for advisors on the publication of this condition was what were the implications for the farmhouse? Did the farmhouse need to be leased too? What if the land was leased and the farmhouse resided in? Also while you can farm from a farmhouse, you cannot farm the farmhouse itself!

Revenue have clarified in the FAQ section of their Agricultural Relief manual that where 75% of the agricultural property on the inheritance or gift is leased they will accept that the 'substantially whole' condition will be satisfied. This 75% is calculated by reference to the value of property comprised in the gift or inheritance.

This can cause issues where the value of the farmhouse is more than 25% of the value of the agricultural property inherited or gifted especially where the land is already subject to a lease on the inheritance.

Solar Panels

Prior to Finance Act 2017 where solar panels were erected on farmland both Agricultural and Business relief would not apply to this land. This was a major concern for many farmers who were offered leases for the purposes of Solar panels. In order to facilitate an increased number of farmers to accept these offers Finance Act 2017 added to the definition of agricultural land by deeming land under a lease for Solar Panel purposes to be agricultural land where less than 50% of the land comprised in the gift or inheritance was occupied by Solar Panels and that the 'active farmer' requirements were satisfied on the land not occupied by Solar Panels.

There is unfortunately ambiguity in relation to the definition of what this 50% is. As per subsection (d) of Section 89 CATCA 2003, agricultural relief will not apply where

- (i) *'solar panels are installed on more than half the total area of the agricultural land concerned'*.

Using 100 acres as an example this could mean that if there was a solar panel lease on 51 acres that agricultural relief wouldn't apply to the 100 acres or alternatively as there is the ability to allow sheep to graze between the panels (which is generally allowed and encouraged in the relevant leases), if the actual area taken up with the solar panels is less than the 51 acres of the lease (which will always be the case) then agricultural relief may be available.

Indeed it could be possible that due to spacing requirements that the actual land take of the solar panel could be as low as 20% on the leased land, in which case agricultural relief could apply even if all the land was leased.

Revenue's manual does not delve any further into this matter and as such there is significant ambiguity on this matter. In addition this ambiguity extends to the similar provisions to enable Retirement Relief to apply to land which has solar panels installed.

Business Relief and Long-term Leasing

Where the 80% condition for Agricultural relief cannot be availed of, then Business relief can be relied on to provide relief where the farm is still being farmed up until the time of the gift or inheritance. However due to the benefits of the income tax exemption for leased land it is now quite common for retiring farmers to lease out their land. This can cause significant liabilities for their beneficiaries down the line if the land is left with sufficient non-agricultural assets, or the beneficiary has sufficient non-agricultural assets, to not satisfy the 80% test.

When one considers this drawback alongside the fact that land let on a conacre basis can avail of business relief does raise the question as to whether the current tax legislation is actually ensuring that letting on a conacre basis will continue. As the purpose of the lease land exemption was to encourage the use of long-term lease one wonders whether this can be really effective without either extending the scope of Business Relief to include land subject to a qualifying lease or some other arrangement in relation to the 80% test for Agricultural relief for such land.

ENTREPRENEUR RELIEF/CPO

The question as to whether or not Revised Entrepreneurs relief (S597AA) applies on a CPO of farmland keeps arising. The primary issue I can see which would deny the relief is the definition of 'development land'.

As per Section 597AA(b) *"Chargeable business asset' does not include- (i)..., (ii) development land,'*

For the purposes the definition of 'development land' is the same as that contained in Section 648 TCA 1997.

As per Section 648 'development land' is defined as follows:

"development land' means land in the State the consideration for the disposal of which, or the market value of which at the time at which the disposal is made, exceeds the current use value of that land at the time at which the disposal is made, and includes shares deriving their value or greater part of their value directly or indirectly from such land, other than shares quoted on a Stock Exchange'.

"current use value' – (a) in relation to land at any particular time, means the amount which would be the market value of the land at the time if the market value were calculated on the assumption that it was at that time and would remain unlawful to carry out any development [(within the meaning of section 3 of the Act of 1963, or, on or after 21 January 2002, within the meaning of section 23 of the Act of 2000)] in relation to the land other than development of a minor nature, and (b) ...'

Therefore if the market value/current use value of land in a particular area is, say €10,000, but the CPO due to payments for injurious affection, disturbance, goodwill and severance meant that the payment came to say €30,000 per acre then relief cannot apply as the value being received is 3 times that of the current use value.

There is one available tax appeal decision on determining what is development land for the purposes of Section 648 TCA 1997.

Appeal Commissioners' Decision – SAC 2003

The Appeal Commissioner determined that the legislation effectively required him to ask the following questions.

- 1. What was the contract price for the sale of the property?*
- 2. What would the property have sold for if it had been sold on the basis that it was, and would remain, unlawful to develop it?*

If question 2 produced a value which was less than the answer to question 1 the land was 'development land'. Otherwise it was not.

In order for there to be clarity on this matter, and considering the below email extract (in red) between former Minister Michael Noonan TD and Martin Heydon TD, we would like confirmation from Revenue that they will allow Entrepreneurs relief on all previous and current disposals of farmland on a concessionary basis. We would also like Section 597AA amended such that farmland when acquired under CPO is specifically excluded from the definition of development land for the purposes of Section 597AA.

Our Ref: 17/1055/MF

Mr Martin Heydon TD

[\[Martin.Heydon@Oireachtas.ie\]](mailto:Martin.Heydon@Oireachtas.ie)

Dear Martin,

I write further in regards to your e-mail regarding the application of Entrepreneur Relief for farmers affected by land acquisition.

I am informed by Revenue that the issue you refer to was dealt with in section 38 of Finance Act 2015 which amended section 542 of the Taxes Consolidation Act 1997. That section (copy attached) ensured that land which was compulsorily acquired could qualify for the revised entrepreneur relief provided the land was owned by the individual whose land was compulsorily acquired for a minimum period of 3 years and had been used by that individual for farming.

This amendment was driven by concern about the impact of the revised CGT entrepreneur relief on disposals of farmland subject to compulsory purchase orders (CPOs), particularly the differential treatment of farmers who may have recently agreed to the terms of a CPO (a disposal in 2015, taxed at 33% on any gain) and those who would agree a CPO in 2016 and so benefit from the reduced 20% rate (now 10% since Finance Act 2016).

The pre-Finance Act 2015 position under tax legislation (section 542 TCA) was that the date of disposal of land which is subject to a CPO was the earlier of the date on which compensation was agreed or the date on which the local authority takes possession of the land. The chargeable gain was deemed to accrue on the date on which the compensation is received. The rate of tax applicable was, however, governed by the date of disposal.

Section 542 was therefore amended in order to put farmers who disposed of land before and after 1 Jan 2016 (but who received compensation payments in 2016) in the same position for tax purposes by specifying that, in respect of compensation payments received on or after 1 January 2016, the date of receipt of the payment would be treated as the date on which the disposal of the land occurred.

The possible confusion about whether this provision was enacted would probably arise from its having been introduced at Report Stage of what was then Finance Bill 2015, so it was not contained in the Finance Bill as published.

I hope this information will be of some assistance you in responding to the query you have received.

Yours sincerely,

Michael Noonan T.D.

Minister for Finance

A Designated Public Official under the Regulation of Lobbying Act, 2015 (details available on www.lobbying.ie)

Michael Healy-Rae (Kerry South, Independent)

Link to this: [Individually](#) | [In context](#)

282. To ask the Minister for Finance his views on a matter ([details supplied](#)) regarding capital gains tax relief for farmland sold under a compulsory purchase order; and if he will make a statement on the matter. **[36135/15]**



Michael Noonan (Minister, Department of Finance; Limerick City, Fine Gael)

Link to this: [Individually](#) | [In context](#)

The [details supplied](#) suggest a Capital Gains Tax (CGT) rollover relief in respect of the proceeds from the sale of farmland under a Compulsory Purchase Order (CPO). General rollover relief was abolished in Budget 2003. One result of rollover relief was that the CGT due on an asset disposal was often never paid. While the public finances are improving, it is still the case that the yield from the various taxes, including CGT, needs to be protected.

An Agri-Taxation review was carried out last year, the objective of which was to maximise the benefits for the farming sector and the wider economy of the existing level of State support through the tax system. The report of the Review was published in the context of Budget 2015 in October last year. The Review bore Food Harvest 2020, among other things, in mind. It sets out a strategy for agri-taxation policy for the future and concluded that the three main policy objectives are:

1. Increase the mobility and the productive use of land
2. Assist succession
3. Complement wider agriculture policies and schemes, such as supporting environmental sustainability

The Review made policy recommendations, taking into consideration the cost of the existing Agri-taxation measures that were already in existence and the need to protect the position of the public finances. Many of the recommendations made were introduced by way of last year's Budget and Finance Bill process including amendments to income tax land leasing reliefs, CGT Farm Restructuring relief and CGT retirement relief. I announced further measures on foot of the Review's recommendations in my Budget 2016 speech on Tuesday last. However, the Review did not recommend change to the tax treatment of land disposed under a CPO.

I note the concerns of the Deputy, and of landowners who have been subject to CPO. However, for the reasons outlined, I have no plans to introduce CGT roll-over relief in respect of gains on land disposed under CPO. I did, however, announce in my Budget

2016 speech that I am introducing a revised CGT entrepreneur relief from 1 January 2016 under which a lower 20% rate of CGT will apply to chargeable gains arising on the disposal of an individual's qualifying business assets (up to a lifetime limit of €1 million). The revised relief will apply to disposals of qualifying business assets by farmers, among others.