

FACT SHEET: SUCCESSION FARM PARTNERSHIPS

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Objective: To encourage the transfer of farm assets to the next generation of Irish farmers while providing a level of protection for the transferors by allowing them to retain 20% of farm assets.

Commencement: The tax credit will apply from the 2017 income tax year. The register was opened for applications on the 1st of June 2017.

Tax Credit: An annual tax credit of €5,000 for a maximum of 5 years from the date of receipt of a valid application to the DAFM registration office. The credit is split between the partners on the same ratio as the profit sharing ratio in the partnership. The farm partnership shall have at least 2 members, each of who is a natural person. That means it does not apply to Ltd. Companies.

Key Criteria: There are four key criteria that must be met:

1. At least one member of the farm partnership must have been engaged in the trade of farming on farm land owned or leased by that person, consisting of at least 3 hectares of useable farm land, for at least 2 years immediately preceding the date of formation of the partnership. This person is defined as the “Farmer”.
2. At least one other member of the succession farm partnership must have an appropriate qualification in agriculture as specified in the Regulations. They must hold an entitlement to at least 20 % of the profits of the partnership and have not reached 40 years of age. This person is defined as the “Successor”.
3. The business plan (Teagasc My Farm My Plan Booklet) must be completed and submitted to Teagasc for certification. The partnership registration office will require a copy of the Teagasc certificate for registration purposes.
4. The “Farmer” must enter a Succession Agreement to sell or transfer at least 80% of the farm assets to which the partnership applies to the “Successor(s)” on a chosen date during the period beginning 3 years after and ending 10 years after the date that the application is made to register the succession partnership. The Succession Agreement will;
 - a. Identify the Farmer and the Successor(s).
 - b. Identify the Year of transfer
 - c. List the farm assets to be transferred. This must include the land, farm buildings, BPS entitlements, livestock and machinery.
 - d. Include details of burdens, right of residence, input of banks where securities, guarantees, charges exist. etc.

Registration Procedure:

The succession farm partnership must apply for entry on to the Succession Farm Partnership Register by completing the appropriate application form. The application form must be accompanied by the following documents:

- A Farm Partnership Agreement & On-Farm Agreement
- Evidence of land ownership (Folios) or possession (Lease)
- Evidence of appropriate Agricultural Education level completed.
- Teagasc certificate for the My Farm My Plan Booklet.
- A Succession Agreement between the Farmer and Successor
- Birth Certificates as evidence that “Successor” is under 40 year of age at time of application

Clawback

A clawback of the amount of tax credits claimed will apply where the farm assets do not transfer as specified in the Succession Agreement (A clawback of €25,000 will apply where the full tax credit has been previously claimed).

NOTE

In order to avail of this tax credit and be eligible for Young Trained Stamp Duty Relief on the date of the transfer, the Successor must not have reached their 32nd birthday on the date of registration as a Succession Farm Partnership.