

Transferring the Family Farm

What do I need to know?



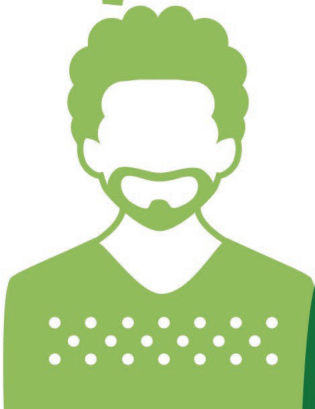
Capital
Gains Tax
(CGT)



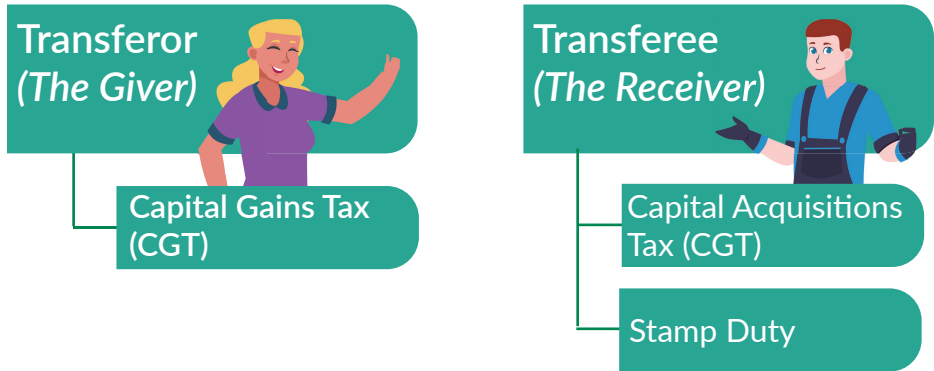
Stamp
Duty



Capital
Acquisition
Tax (CAT)



Transferring the Family Farm



Capital Gains Tax (CGT) may apply where:

- Transfer takes place when the current owner IS ALIVE
- Transfer is by GIFT (no money changing hands) OR by Disposal by SALE
- Transfer of a capital asset such as land, buildings, basic payment entitlements (Doesn't apply to livestock, machinery)
- Taxes the gain in value of an asset at 33% of the gain

Retirement Relief from Capital Gains Tax (CGT)

You **do not** have to retire after availing of this relief

- Transferor must be at least 55 years of age and must have OWNED and USED the assets for the business for at least 10 years
- Where transfer is to a child no upper relief limits and transfer takes place before the Transferor reaches 66 years
- Transfer to other than a child of the transferor before 66 – €750,000 limit
- Upper limits on the maximum value of assets transferred that can qualify for this relief if the transferor is over 66 years of age and transfer is to either a child or other than to a child of the transferor
- Transferee must retain assets for at least 6 years to avoid clawback

Capital Acquisitions Tax

Could potentially apply on either;

- Gifts - Transfers by Transferor (without full consideration) during their lifetime
- Inheritances - Transfers either by Will or otherwise on death of Transferor
- CAT potentially applies to total value of land, buildings, BPS entitlements and other assets received less any consideration given to Transferor
- Rate of Capital Acquisitions Tax is 33%



	CAT Group	2021 Threshold
A	Son/Daughter, minor child of deceased child	€335,000
B	Lineal Ancestor/ Descendent, brother, sister	€32,500
C	Any other person	€16,250

Agricultural Relief

Main relief to look at for farm transfers

- Reduces the taxable value of what is received to 10% of its value before comparing to the relevant tax free threshold conditions applying – 2 main tests
 - Financial Farmer Test – 80% of transferee's assets must be agricultural
 - Active Farmer Test – transferee or a lessee must have agricultural qualification or must commit to spend 50% of working time farming
 - To avoid clawback must retain assets received for 6 years

Stamp duty

Potentially liable on Transferee where Transferor gives a lifetime gift

- Does NOT apply on inheritances
- It is calculated on total value of land & buildings received
- Not applied to EU CAP entitlements received
- Rates of Stamp Duty
 - 7.5% on non-residential assets such as farm land & buildings
 - 1% on residential assets (2% on excess over €1 million)

Young Trained Farmer Relief

- Transferee under the age of 35 at date of transfer
- Must have achieved a minimum Level 6 Agricultural qualification
- Must have Business Plan (My Farm, My Plan) certified by Teagasc
- Transferee must actively farm the land for 5 years after claim
- Potential full relief from Stamp Duty

Consanguinity Relief

- Where Transferee is a blood relation of Transferor
- Imposes maximum potential Stamp Duty rate of 1% (current rate, annual budgets may change this rate)
- Farmland only and must be actively farmed after transferring (by anyone)
- No age limits on either party to the transfer at present



The Green Cert

Teagasc provides the following routes to a Green Cert:

- Full-time agricultural courses
- Part-time and Distance agricultural courses
- Full-time horticultural, forestry and equine courses.

Teagasc offers fulltime programmes in agriculture through a network of seven colleges.

Teagasc part-time and distance education programmes are designed for older learners rather school leavers.

The Teagasc Part-time Green Cert programme is intended for applicants who are 23 years of age or older and learners attend on a part-time basis.

Teagasc Distance Education Green Cert programme is an accelerated route for those who have already attained a non-agricultural major award qualification at or equivalent to Level 6 on the Irish National Framework of Qualifications. This programme requires a greater level of self-directed learning by the learner.

Part-time and Distance Green Cert courses commence on a rolling basis at colleges and across Teagasc advisory regions.

Additional information on Teagasc courses can be obtained by:

- Attending college course and career events
- Contacting colleges or Teagasc advisory education centres
- Accessing education webpages, and Teagasc social media platforms

www.teagasc.ie/education



For more
information
scan the
QR code



- To your accountant; to your solicitor; to your farm adviser
- Your family members
- The tax reliefs are there but you must comply with their conditions to benefit
- Pay attention to taxes and maximise reliefs to minimise tax BUT don't let taxes completely dictate what is right for you and your family when it comes to farm transfer.