

# Have you considered a registered farm partnership?

A registered farm partnership is a great way to smooth the succession process, delivering lifestyle and financial benefits

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There are more than 3,500 registered farm partnerships (RFP) operating in Ireland. Why? This collaborative farming arrangement delivers a range of benefits, particularly for farm families. RFPs provide a natural progression to farm succession, giving the young heir a sense of responsibility and purpose within the farm business and a share of the profits.

RFPs between family members (intra family) are most common but there are also inter farm RFPs where non-family members come together to form a collaborative business arrangement. RFPs provide all members with a say in the decision-making and management of farming activities. They also generate numerous financial benefits. See page 14.

RFP applications can be submitted at any time during the calendar year. But, if you plan to submit an application to enter an RFP in 2023, it must be submitted before 10 February.

This deadline is in order for the Department of Agriculture, Food and Marine to have it processed in time for submission of your Basic Income Support for Sustainability (BISS) application before 15 May 2023 under an RFP number.

There are five key areas to address when completing an RFP application.

## 1 Establishing the herd number for use in the Registered Farm Partnership

RFPs can be a single herd number partnership, or a multi-herd partnership.

### Multi-herd number partnerships

Where two individuals currently have their own herd numbers and have been farming in their own right prior to the establishment of the partnership, then this will be a multi-herd partnership.

No changes are required to the herd numbers and partners can nominate a dominant herd number to use for animal registration, herd health management, etc. The other herd number may be made dormant but not ended as it will be required for scheme payments.

The BISS application will then be made as one application under the RFP number. Within the BISS application form, both herd number tabs will appear and lands associated with each herd number should be declared under the respective herd number.

### Single herd number partnerships

Single herd number partnerships generally arise in a family situation where a son or daughter (with a minimum Level 6 agricultural qualification) are returning home to farm in conjunction with their father/mother in an RFP.

Discuss with your local Regional Veterinary Office (RVO) and agricultural advisor whether to add the son/daughter to the existing herd number or whether they should establish their own herd number.

In the majority of cases, the new entrant is added to the existing parent/s herd number using an ER1.1 application submitted to the local RVO.

Before changing herd number, ensure to discuss it with your agricultural advisor/consultant as some schemes may need prior approval to change.

## 2 Setting up the RFP bank account

A new RFP bank account must include the names of all the partners. All income and expenditure from the partnership will go through this account.

No farming transactions of the partnership should now take place through an individual partner's own bank account. It is essential to notify all sources of payments, for example co-ops, marts, Department, etc, of the change of bank account details.

There is a one-page form to be completed and stamped by the bank to verify that the bank account is set up and operational.

## 3 Completing the on-farm and partnership agreements

These agreements are very important documents and require consultation with accountants, solicitors and agricultural advisors for their completion. The agreement forms the basis of a successful RFP, where all the partners' roles and responsibilities are clearly defined.

All template agreements are guidelines and should be amended to reflect each individual partnership agreement.

## 4 Providing supporting documentation

The following documents must be included with your application for an RFP.

- Completed application form.
- Completed bank details document verified by bank.
- A signed copy of the farm partnership agreement.
- Copy of on-farm agreement.
- Copy of folios and maps of all owned lands.
- Copy of leases and maps for all lands leased in.
- Stamp duty certificate from Revenue for all leased land.
- Evidence of agricultural qualifications (minimum Level 6) for Category II partners
- Completed checklist.

## 5 Submitting your application

Completed applications with all supporting documentation should be emailed to [farmpartnerships@agriculture.gov.ie](mailto:farmpartnerships@agriculture.gov.ie) before 10 February 2023 in order to have an RFP number prior to the closing date for the BISS on 15 May 2023.

For further information on forming an RFP, please consult the Teagasc website or contact your local Teagasc office for further information.



Continued on p14-15



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Gordon Peppard with Rob and David Connor.

## CASE STUDY: Successful RFP

Farming in Lahinch, 2km outside of Clara in Co Offaly, father and son, David and Rob Connor have been successfully running heifer finishing and tillage enterprises on their farm for many years.

In 2016, David decided to form an RFP with Rob. Having allowed the RFP time to bed in and develop, they decided that the partnership structure was a very good way for their farm business to proceed. In 2018, they changed to a succession farm partnership. "I was keen to involve Rob in the farm business and to making the transition from one generation to the next as smooth as possible," says David.

"As we all move through the years, we slow down a bit and with the ever increasing workload, I felt it was the right time to involve Rob in a more structured arrangement.

"With Rob officially involved in the running of the farm, my wife Stephanie and I were in a position to take

some time away from the farm and enhance our work life balance."

David didn't want to retire fully but was happy to step back and give Rob significant input into the physical and financial running of the farm business.

Having completed his education and spent a number of years working part time away from the farm, Rob had developed business knowledge and relationships that now help him with the farm business.

"Dad still has essential knowledge and experience to contribute to the farm, while I like to think I have the youth, enthusiasm, skills and new ideas to drive the business forward," says Rob.

"Mark Coyne, our Teagasc advisor in Tullamore, advised us on scheme requirements and benefits, herd number changes and Basic Payment Scheme entitlements. He assisted us in liaising with our accountant and solicitor to set up the new RFP farm business structure."

The Connors' accountant also played a key role in establishing the RFP by registering the new part-

nership business with Revenue to obtain a tax reference number; compiling a capital account to outline the starting position of each partner in the business; and advising on a favourable profit-sharing ratio for all members. The accountant will complete end-of-year returns for the partners and has guided the partners through tax implications.

David and Rob also involved their solicitor in drawing up the legal agreement for the Succession Farm Partnership as it involved identifying a minimum of 80% of the farm assets that were to be transferred between the end of year three and year 10 of the partnership agreement.

It is also critical that the will is updated at this juncture to ensure it matches the Succession Farm Partnership agreement.

"We felt it was important to involve other family members in the initial discussion also," says Rob.

"This ensured that everyone knew what is happening. We also talked to other farmers who are already in existing partnership structures to see what are the pros and cons."

## Financial and scheme benefits from registered farm partnerships

- Maximise the amount of net income coming into the farm family. Depending on the profit-sharing ratio, each partner can earn up to €40,000 at the low rate of income tax.
- Young trained farmers can avail of 100% stock relief on their share of the partnership.
- Enhanced stock relief of 50% for the parents on their share.
- In a succession farm partnership, there is an annual tax credit of €5,000 per year to the registered farm partnership for a maximum of five years subject to all terms and conditions being met.
- Targeted Agriculture Modernisation Scheme (TAMS) allows a doubling of the investment ceiling from €80,000 to a maximum of €160,000 for a registered farm partnership.
- Where there is a young trained farmer in the RFP, they can avail of 60% grant aid on the first ceiling (proposed to be €90,000 in the next TAMS).
- National Reserve Entitlements: young trained farmers will be entitled to a top-up on low-value entitlements or an allocation of entitlements on naked ground in the new Basic Income Support for Sustainability (BISS) under the National Reserve Scheme.
- Complementary Income Support for Young Farmers will permit an RFP that has a qualifying young trained farmer to avail of a top-up of approximately €170 per hectare for five years, on a maximum of 50 hectares.
- Collaborative Farming Grant. There is a 50% grant aid available on the costs associated with the establishment of an RFP subject to a maximum spend of €3,000.

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