Hawsons Chartered Accountants
Latest News

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Agriculture Insight

In this issue:

Hawsons

Big firm expertise,
small firm personal attention

Dan Wood
Partner

Introduction

Welcome to our latest agriculture newsletter. The sector has faced a number of challenges during 2023 and with harvest coming to an end, it is now time for farmers to reflect and turn their attention towards the future. With further reductions in BPS, agriculture businesses are looking at alternative schemes, a couple of which we have highlighted in this newsletter.

In this edition of the newsletter we discuss the following:

- DEFRA provides transparency on farming budget spend
- Flood Management scheme open to farmers
- Farming Transformation Fund
- Tax or treat? Don't be spooked! 5 ways to avoid a tax fright
- When is the 2023 Autumn Statement?

We hope you enjoy the contents of this newsletter and as ever if you have any questions please do not hesitate to get in touch.

Dan Wood
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DEFRA provides transparency on farming budget spend

After concerns were raised by food and farming organisations, DEFRA has decided to provide more transparency on how the agriculture budget for England is spent.

On 18th September DEFRA published its Food Farming and Countryside Programme annual report for the 2022-23 financial year.

The report found that DEFRA spent £2.23bn in 2022-23. This is below the government's post-Brexit commitment to spending £2.4bn every year for the duration of the current parliament after ending its involvement in the Common Agricultural Policy.

DEFRA says that it spent less than planned on capital grants, especially when it came to the Countryside Stewardship grants because of historically high levels of inflation in 2022-23. DEFRA maintains that it will average out at £2.4bn across this parliament.

Environmental Land Management budget increase

The government has confirmed that it is more than doubling its spending on Environmental Land Management (ELM) schemes, including an increased annual spend on productivity and innovations grants and increasing the funding available for the first round of the Slurry Infrastructure Grant by more than double due to very high demand.

After a delay due to IT-related issues the 2023 Sustainable farming Incentive scheme opened for applications on 18th September. It is important to note that spending related to this scheme will be allocated to the 2024-25 financial year of spending.

If you would like to find out more about the DEFRA's spending for the 2022/23 financial year, please visit: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1185389/FCP-annual-accounts2223.pdf

Flood Management scheme open to farmers

In September, the Environment Agency and Department for Environment, Food & Rural Affairs announced a new £25 million flood management scheme as part of their Natural flood management programme. This (ring-fenced) funding is being provided by the government and Environment Agency and the scheme is now open for applications from farmers and landowners.

Those that apply for the scheme must use natural techniques to protect their land from flooding such as planting trees and creating wetlands to absorb the water and reduce the risk of flooding. Not only does using natural techniques reduce the risk of flooding but it also helps with tackling climate change and benefit biodiversity, habitats and water quality.

Dan Wood, Agriculture Partner at Hawsons, commented on the announcement of the new scheme: 'The flood management scheme provides farmers and landowners with a great opportunity to use natural techniques to protect their land from flooding in the future which will protect the quality of their crops and the land on which their livestock live on'.

If you would like to find out more about how you can apply for this scheme please visit the Natural flood management programme on the government website.

If you are considering applying for the scheme, you will need to apply by 10 November 2023.

Farming transformation Fund

The government has launched an infrastructure grant scheme worth £10 million to fund cattle housing for farmers. This fund aims to improve calf health and welfare as well as enhancing environmental sustainability and innovation.

The funding will be granted to farmers that are looking to build new, upgrade or replace current calf housing buildings that provides improved health and welfare benefits to calves. It is important to note that calf housing that is funded via this grant must enable social contact by having calves in pair or group housing. However, alongside this farmers may also build temporary isolation areas for ill calves to help prevent the spread of disease.

Basic eligibility criteria

The basic eligibility criteria are as follows:

- You need to be an existing cattle farmer in England who currently participating in farming activity including calf rearing with 11 or more cattle.
- All buildings built or upgraded using the grant funding must be based in England.
- Either own the land that the building is on or have a tenancy agreement in place for at least 5 years after the completion of the project.

The application process is three stage and the project needs to be discussed with a vet and include a letter of confirmation with the application.

Grant details

The minimum grant each business can apply for is £15,000 which can cover up to 40% of the eligible costs. The total cost of your project must cost at least £37,500 with £22,500 being funded from the farm business. The maximum grant per applicant business is £500,000. If your costs include rooftop solar panels then the rules get slightly more complex. We would suggest reading the full guidance carefully on this.

If you would like to find out more details about this scheme please visit: https://www.gov.uk/government/publications/calf-housing-for-health-and-welfare-2023/how-the-calf-housing-for-health-and-welfare-grant-works/

Landlords advised to review tax affairs ahead of new database

Renters Reform Bill

As part of the new Renters Reform Bill the Government is planning to launch a new landlord database. This database has the potential to provide HMRC with large amounts of information regarding landlords which they will be able to identify landlords who have not properly declared rental income and gains.

When the new private rented sector database is introduced, landlords that want to rent out properties in the private sector will be required to register to the database. Although HMRC have not said they will use this data for compliance activities it is assumed that they will considering the database will be publicly accessible. Furthermore, they will be able to combine this data from the private rented sector database with data they already have. This will shine the light even brighter on those landlords that do not currently comply with tax rules.

Landlords should check taxes are in order

With the new Renters Reform Bill on the horizon we would certainty recommend that landlords who have any concerns should review their tax affairs and take steps to bring them up to date. Declaring any mistakes and correcting your tax position voluntarily will result in lower penalties compared to being identified by HMRC. For those that wish to voluntarily correct mistakes they can do so via the Let Property Campaign.

If you are a landlord and are unsure regarding your tax position with HMRC we would certainty recommend reviewing your position. If you are unsure speak to our tax advisors who will be able to assist you to check your tax position and guide you through the process of correcting your tax position voluntarily.

Tax or treat? Don't be spooked! 5 ways to avoid a tax fright

The leaves are falling and the jack-o'-lanterns are out, which means one thing... Halloween season is amongst us.

Ensure that your tax affairs do not turn into a nightmare. Here are our 5 tax tips to avoid a horror story emerging for you this tax year.

Double, double toil and trouble. Get your tax return in or you'll be in trouble!

31st October may be associated with Halloween but it is also the deadline to file a paper tax return with HMRC. Also, the 31st January deadline for filing your tax return online is less than 100 days away. It is always best to get your self-assessment tax return sorted sooner rather than later to avoid an eerie feeling come January.

HMRC charge penalties for the late filing of tax returns so you should ensure that your tax return is filed on time to avoid a spine-chilling situation.

Skeletons in the closet? Make a voluntary disclosure to HMRC

HMRC's information gathering powers have increased over the last decade, especially with HMRC entering into Automatic Exchange of Information agreements with other countries around the world.

This has allowed HMRC to gather information on undisclosed income and gains. Where there has been a non-disclosure of income and/or gains, HMRC will seek to charge penalties and the penalties can be significant. The penalties charged depend on the behaviour of the taxpayer and whether the disclosure is prompted or unprompted.

Waving a magic wand will not make it disappear and penalties can be mitigated by making a disclosure to HMRC.

Pumpkin spiced and don't get taxed twice!

It can be gruesome to discover that you could potentially be taxed twice on the same income or asset. This could include:

Overseas income –There is the potential to be taxed in both the UK and an overseas jurisdiction on the same income or gain. Fortunately, this can often be mitigated by claiming Double Tax Relief where you can claim a tax credit for the foreign tax paid or the Double Tax Treaty may stipulate that the income or gain is only taxable in one country. This is a complex area and specific tax advice should be sought.

Continued overleaf

Tax or treat? Don't be spooked! 5 ways to avoid a tax fright (Continued)

Gifts with reservation of benefit – Inheritance Tax anti-avoidance provisions can apply where someone gives away an asset (such as a house) but continues to benefit from the asset given away (such as continuing to live in the house). These rules can prevent the asset from falling outside of your estate for IHT purposes so it will be treated as still being in the death estate of the donor and liable to IHT. This could result in the same gift being taxed twice, but there are provisions which can provide relief in these circumstances. A lifetime gift could also give rise to an unexpected CGT charge on the eventual disposal of the asset. Tax advice should be sought prior to transferring assets to avoid unwelcome tax consequences.

Occupation away from the 'haunted' house

Private Residence Relief (PRR) is one of the best-known Capital Gains Tax (CGT) reliefs and is available when an individual disposes of their only or main residence. However, you may get a fright to discover that living away from the property could cause a CGT charge to arise. Contact us to discuss this further.

Treat your employees

Sometimes providing sweets to employees at Halloween is not the best way to incentivise them to help grow the business.

Similarly, simply gifting shares to employees or using non-tax-advantaged share options can cause income tax and national insurance issues for employees.

Instead, consider utilising tax-advantaged share schemes such as a Company Share Option Plan (CSOP) or Enterprise Management Incentive (EMI) scheme to reward or incentivise employees which will help mitigate their tax liabilities.

Who you gonna call?

Tax laws and regulations can change on a regular basis. Therefore, we would always recommend consulting a tax professional who can provide tailored advice based on your individual circumstances.

At Hawsons, we have a dedicated team of tax experts at our offices in Sheffield, Doncaster and Northampton.

If you would like any tax advice, please do not hesitate to contact us.

We offer a free initial meeting to discuss your particular circumstances – contact us to arrange your free initial consultation.

Happy Halloween from everyone at Hawsons.

When is the 2023 Autumn Statement?

The Chancellor of the Exchequer, Jeremy Hunt, will deliver the Autumn Statement on Wednesday 22 November 2023. The statement is one of the key financial events in the political calendar and will be Jeremy Hunt's second Autumn Statement as Chancellor.

What time is the Autumn Statement?

The Autumn Statement usually takes place around lunchtime (12:30pm).

The speech usually begins with a review of the country's finances. The Chancellor will then announce his proposals for taxation and spending.

It will be presented alongside the latest economic forecasts from the Office for Budget Responsibility (OBR).

The full speech is expected to last about an hour.

Expert commentary

Our tax specialists will be watching the Autumn Statement on 22 November and will provide relevant announcements on our website and social media shortly after the Autumn Statement is announced. To pick up on our commentary, follow us on Twitter (@ Hawsons) or LinkedIn.

Get in touch

Our agriculture experts

At Hawsons our dedicated team of specialist agriculture accountants understands that farming isn't just a business; it's a way of life.

The rural and agriculture sector is a specialist sector, with unique practices and conventions. We act for a significant number of arable farms and assist farming families in many matters specific to agriculture and farming. This includes tax, will planning and succession planning.

We have been able to assist our farming clients to add value to their businesses. We have advised on the financial and tax consequences of property development, green technologies and capital allowance planning. In particular, we can assist in the area of capital taxes planning. This is a significant issue for farmers following the increase in land values and the availability of development opportunities.

Chris Hill
Senior Partner
0114 266 7141
cih@hawsons.co.uk

Sheffield Office
Pegasus House
463A Glossop Road
Sheffield, S10 2QD

David Cairns
Tax Partner
01604 645600
davidcairns@hawsons.co.uk

Northampton Office
Jubilee House
32 Duncan Close, Moulton Park
Northampton, NN3 6WL

Dan Wood
Partner
01302 367 262
dw@hawsons.co.uk

Doncaster Office
5 Sidings Court
White Rose Way
Doncaster, DN4 5NU

Hawsons

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THE GLOBAL ADVISORY
AND ACCOUNTING NETWC

Sheffield: Pegasus House | 463a Glossop Road | S10 2QD
Doncaster: 5 Sidings Court | White Rose Way |DN4 5NU
Northampton: Jubilee House | 32 Duncan Close |Moulton Park |NN36WL

www.hawsons.co.uk