

13<sup>th</sup> February 2017

### CAAV AND NIRVA LAUNCH AGRICULTURAL LEASE FOR NORTHERN IRELAND

The Northern Ireland Rural Valuers Association (NIRVA) and the Central Association of Agricultural Valuers (CAAV) launched a model agricultural lease for use in Northern Ireland at a meeting of professional advisers, farming representatives, civil servants, bankers and others in Antrim on 1<sup>st</sup> February 2017.

The new lease allows landowners to let and farmers to take agricultural land for longer periods than conventional seasonal conacre agreements have permitted. Jeremy Moody, Secretary and Adviser to the CAAV, told the meeting that with greater security on the land, farmers could have more confidence to invest in soil management and fertility and see a return, to the benefit of agriculture in Northern Ireland. It offers a valuable addition to the toolbox for land occupation arrangements, alongside conacre which remains suitable for short seasonal needs.



*Jeremy Moody of the CAAV launches the new agricultural lease*

That view was supported by Dr John Gilliland OBE, Chairman of the Expert Working Group on Sustainable Land Management, whose report 'A Sustainable Agricultural Land Management Strategy for Northern Ireland' advocates the use of longer term leases to support good land management practices.

Jeremy Moody was able to reassure the meeting that concerns expressed by some farm advisers as to the taxation consequences of using leases (also called 'tenancies') were unfounded. He explained that HMRC had provided an assurance that land let under a lease in Northern Ireland would meet the statutory tests for full Agricultural Property Relief from

Inheritance Tax. There was no point where conventional conacre was better than a lease for tax.



*There was a good attendance of agricultural valuers, solicitors, accountants, bankers and other advisers at the Dunadry Hotel, Antrim for the launch of the new agricultural lease.*

The CAAV has over a century of experience in supporting agricultural valuers in England and Wales on the drafting and handling of leases for agricultural land. It is now bringing that in-depth knowledge and experience to Northern Ireland to support members of NIRVA in advising landowners and farmers on how the new lease can be tailored to their particular circumstances.

The new lease is available from the CAAV and NIRVA as well as their members. To find a CAAV or NIRVA member near you who can advise on the new lease, contact the NIRVA Secretary at [mstuart@abercorn-estates.com](mailto:mstuart@abercorn-estates.com) or contact the CAAV at [enquire@caav.org.uk](mailto:enquire@caav.org.uk).

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## Notes

The lease is supported by a suite of papers:

- An introductory leaflet covering the issues (February 2017)
- The CAAV/NIRVA publication *Tenancies, Conacre and Licences: Arrangements for Occupying Agricultural Land in Northern Ireland* (September 2015) which reviews the relevant land law and the issues raised by the CAP, tax and other regulations. Available from the CAAV for £75.
- A paper outlining the tax issues for tenancies and conacre, including the HMRC assurance – *Taxation and Land Occupation in Northern Ireland: Conacre and Tenancies in Northern Ireland* (February 2017)
- A forthcoming paper on the Environmental Farming Scheme and Land Occupation

The *Sustainable Agricultural Land Management Strategy Report* produced for DAERA under Dr John Gilliland's chairmanship by an expert working group was published in October 2016.

When it was launched, Dr Gilliland said:

"This report seeks to empower farmers and landowners, with very farm specific, detailed information, on their productivity, their soil fertility, their water and habitat quality. Only then can they make the right decisions for their own land, which will build an inherent resilience in their farm businesses. We believe the Northern Ireland Land Based Sector can deliver true resilient Sustainability - economic, environment and social; and also become a World Exemplar, able to maximise its value from the marketplace".

On land occupation the report says:

***"The insecurity created by the short 11 month tenancies within the conacre system and their dominance in land rental damages the competitiveness and environmental performance of Northern Ireland agriculture.***

"In August 2016, HRMC's Inheritance Tax Policy Division confirmed to the Central Association of Agricultural Valuers (CAAV) that land qualifying as agricultural property let under a tenancy in Northern Ireland would qualify for Agricultural Property Relief under the Inheritance Tax Act. That places longer term leases on an equal footing with conacre in terms of inheritance tax treatment. Furthermore, analysis suggests that for the purposes of Capital Gains Tax, there is no difference in treatment between longer term leases and conacre, where the conacre owner is not undertaking husbandry of the land.

"We believe that these clarifications should provide landowners and farmers with the confidence to look positively at the advantages of longer term leasing and particularly the security of income and tenure it can provide. We therefore welcome the initiative by the Central Association of Agricultural Valuers and the Northern Ireland Rural Valuers Association to develop a model tenancy agreement." (Page 22)

"Supported by the recent HRMC clarification on inheritance tax, we agree with the conclusion reached by the Central Association of Agricultural Valuers that; ***The traditional arguments in favour of conacre have lost their attraction.*** (Except in the Potato and Vegetable sectors).

"... we in Northern Ireland are in danger of being increasingly disadvantaged by an outdated land rental system that does not deliver optimal results for either productive agriculture or the environment." (Page 70)

The full report can be seen at <https://www.daera-ni.gov.uk/sites/default/files/publications/daera/16.17.079%20Sustainable%20Land%20Management%20Strategy%20final%20amended.PDF>