

REGISTERED FARM PARTNERSHIPS

Introduction



RFPs will play a key role in improving demographics on Irish farms.

Registered farm partnerships (RFPs) are one of a number of collaborative farm business structure arrangements that will play a key role in the improvement of the social and structural demographics of Irish farms. Some of the current challenges facing Irish farmers are age profile, land fragmentation, smaller farm size, financial viability, rural isolation, and farm safety.

RFPs can provide a framework where farmers can work together in a formal business arrangement, where the profits of the business are shared among the partners in that business.

Teagasc, supported by the Department of Agriculture, Food and the Marine (DAFM), has developed the farm partnership model, and a number of template agreements have been produced to allow farmers to enter arrangements with the confidence that they are robust enough to deal with all eventualities.

RFPs play a key role in family farm succession planning, provide an opportunity for the young farmer to become involved and be formally recognised in the farm business at an earlier stage, and also allow the existing farmer to remain active in the farm business, where they can provide support, advice and experience to their successor.

Why join an RFP?

- Improved work-life balance and flexibility for partners to work off farm and enjoy time off;
- shared workload and more efficient use of labour;
- increased scale and technical efficiency;
- utilisation of new ideas, skills and farming methods;
- reduced isolation through working with another farmer;
- positive impact on farm health and safety;
- taxation incentives and DAFM scheme benefits;
- all partners are formally recognised in the farm business; and,
- creates a gradual transfer of management (physical and financial) of the farm from one generation to the next.

Who is eligible to join an RFP?

An RFP must be made up of at least two people, with a maximum of 10 allowed. There must be a Category 1 applicant and either another Category 1 or Category 2 applicant.

Category 1 – a farmer who has farmed greater than three hectares for two years before the date on which the partnership is established.

Category 2 – a person with an appropriate agricultural qualification

(minimum level 6) whose contribution to the RFP is a minimum of 20% of the profit-sharing arrangement.

Category 3 – other persons, aside from those described in Category 1 and 2 above.

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What are the benefits of joining an RFP?

1. Taxation incentives

a) Maximise low-rate income tax band

Depending on the profit-sharing ratio, each partner may avail of the low-rate income tax band, which is currently €35,300. An RFP with three members with an equal profit share split, could earn up to €105,900 at the low income tax rate.

b) Access to Young Trained Farmer Stock Relief

A young trained farmer can claim 100% stock relief on the increased stock value of his equivalent share of the farm profit. The maximum relief available under this scheme, the stamp duty exemption scheme, and the Succession Farm Partnership Scheme is €70,000.

c) Access to enhanced stock relief for the parents

Enhanced stock relief is available at a rate of 50%. €15,000 is the maximum that can be claimed over a three-year period.

2. DAFM scheme benefits

a) The Young Farmers Scheme

An application can be made where at least one person in the RFP qualifies as a young trained farmer. They must be named on the partnership herd number, bank account and declare effective and long-term control of the farm business. Top-up payment may be obtained on a maximum of 50 activated entitlements declared by the RFP on the Basic Payment Scheme (BPS) application in the year of application.

b) Young Farmer National Reserve

Where funding is available, a young farmer in partnership may apply to this scheme to receive a top-up on low-value entitlements (less than the national average), or apply for new entitlements on lands that have no entitlements associated with them. The maximum number of hectares that can be applied for is 90. An off-farm income limit of €40,000 applies to this scheme.

c) Targeted Agricultural Modernisation Scheme (TAMS II)

RFPs successfully registered with the DAFM may be eligible for a double investment ceiling under TAMS II. The investment ceiling will then be raised from €80,000 to €160,000:

- 40% grant aid up to €160,000, where the RFP has no qualifying young trained farmer; and,
- 60% grant aid on the first €80,000, and 40% grant aid on the second €80,000, where the RFP has one partner qualifying as a young trained farmer.

d) Collaborative Farming Grant Scheme

Grant aid of 50% is payable on the establishment costs of setting up an RFP. The maximum spend that is grant aided is €5,000, providing a maximum grant of €2,500. Receipts and invoices involved with the direct setting up of the RFP are required.

Facts and figures

- There are now approximately 3,000 RFPs in Ireland;
- a farmer can only be a partner in one RFP at any one time;
- the RFP agreement is for a minimum of five years;
- all farms in the RFP must not be greater than 75km apart; and,
- an RFP may be a single-herd number, or a multi-herd number partnership.

Other schemes

Where farmers have farmed in their own right prior to forming an RFP, they are eligible to receive payments due to them under the Area of Natural Constraints (ANC) scheme, the Green, Low-carbon, Agri-environment Scheme (GLAS), and the Organic Farming Scheme.

What do I need to do to join an RFP?

- Discuss with all partners how the RFP will operate in practice;
- seek advice from farmers already in RFPs;
- consult with your accountant, solicitor and agricultural advisor;
- register the business with Revenue, and develop a capital account;
- set up a new bank account in the name of the RFP;
- complete the partnership and on-farm agreement documents;
- obtain folios of all owned lands and leases for all lands leased in;
- provide evidence of agricultural qualifications for Category 2 partners;
- complete application form;
- complete checklist to ensure all documents required are completed; and,
- completed applications with supporting documents should be sent to:
Farm Partnerships Registration Office
Floor 3 Agriculture House
Kildare Street, Dublin 2.

Further information

For further information please contact your local Teagasc advisor.

The following resources are also helpful:

- www.agriculture.gov.ie/farmingsectors/newfarmpartnershipregister/
- www.teagasc.ie/rural-economy/farm-management/collaborative-farming/registered-farm-partnerships/

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