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Farmers present potential cash cow, says tax specialist

by **Lauren MacGillivray** on Nov 28, 2007 at 11:26

Financial advisers who take on farmers as clients can expect high-yield wealth management opportunities, according to tax specialist Julie Butler.

Butler, managing partner of Butler & Co, a firm of accountants and auditors based in Alresford, said UK farmers are particularly poor housekeepers when it comes to pensions, wills and lease agreements, but they often have assets worth a tidy sum.

'You won't find a farmer who has under £1 million or £2 million, and the average farmer is worth £3 million to £4 million. They also need to borrow money in order to diversify.'

Farmers have their money tied up in land. So they could be directly affected by the government's proposal to introduce a flat 18% rate of capital gains tax (CGT), considering CGT is payable on disposal of business assets.

'If a farmer has a piece of land they're planning to sell off, then the difference between 10% and 18% makes a big difference,' Butler said. 'Certain farmers wouldn't sell off anything but around half of farmers are very receptive to getting half a million per acre and would jump at the chance to spend it on other development land.'

Around half of Butler's 2,000 clients are farmers. She is now in the process of looking at every asset her clients own, including business and non-business, in order to decide whether it would be best to sell before CGT changes take effect on 5 April.

'After the pre-Budget report, our office had at least 50 calls with people asking if they should do things like sell a cottage at the edge of their property,' Butler said.