

recreational grounds. The expression “real estate services” is causing advisers concern. At the time of going to press, we are still waiting for further guidance as to how real estate services is defined and what impact it will have on the structure of farming businesses.

The claim deadline for the BPS will continue to be 15 May each year. Every farmer will have to re-register from the SFP and ensure their business is structured to qualify as an active farmer. It will also be important to consider the implications of the new greening measures on farm businesses. What is clear is that 2015 will be a very important year for farmers and will dictate the level of support they receive over the next five years and possibly beyond. Landowners must be careful about the interpretation of permanent sports and recreation grounds; these include gardens open to the public, gallops, airfields and polo pitches.

There is concern that the lack of the definition of “real estate services” might affect farming operations with significant let property portfolios.

The answer moving forward is to try to keep on top of published changes to the scheme and take advice on “grey areas”. Let property remains the contentious area. There would be those who argue the Balfour case (*Brander (representative of Fourth Earl of Balfour) v HMRC* [2010] STC 2666) promotes tax efficiency through keeping let property in the main farming business. However, the need to qualify for active farmer status would indicate the need to separate out the let property so as to protect receipt of the BPS. Clearly all restructuring must be carried out with caution.

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BUSINESS TAX

46. THE BASIC PAYMENT SCHEME FOR FARMERS

The introduction of the new Common Agricultural Policy (CAP) regime from 1 January 2015 means the Single Farm Payment (SFP) scheme has been replaced by the Basic Payment Scheme (BPS) for farmers.

The definition of “Active Farmer” and the list of “negative activities” as set out in the new scheme could mean that a farmer would fail to qualify for BPS. Such a loss of subsidy will have a big impact on profitability. This could also impact on the future eligibility to Business Property Relief (BPR) for Inheritance Tax (IHT).

The negative list is the operation of railway services, airports, waterworks and real estate services together with permanent sports and