



RURAL BULLETIN

Autumn 2017

Lentells launch new Bookkeeping service



Dealing with your bookkeeping can be a stressful and time consuming task which, as we move towards a digital tax system, is only set to get more complicated.

As part of our commitment to provide our clients with a wide range of services, we are now offering a fully comprehensive and competitively priced bookkeeping service – My Accounts Department (MAD).

My Accounts Department is run by a dedicated in-house team who will work closely with you to provide an efficient and proactive service, giving you the peace of mind to get on with running your business.

We will tailor our service to your business' specific needs including giving vital information about how your business is performing on a day to day basis. We can carry out this service at your own premises or in our office.

Your MAD service might, for example, include:

- VAT returns
- Bank reconciliation
- Monthly or quarterly management accounts
- Ensuring you are compliant with HMRC and digital tax regulations
- Cash flow forecasting
- Profit and loss reporting
- Debtors and creditors reporting
- Sales invoicing
- Sending out customer statements

If you are an existing client, please speak to your current contact for more information, or alternatively contact your local Lentells office.



Woodland creation grants to offer £6,800/ha



Applications will open in January 2018 for the next round of the Woodland Creation Grant.

This will offer up to £6,800/ha to plant, weed and protect trees, with annual maintenance payments available for 10 years. The initiative is part of a £13M fund to promote tree planting to protect wildlife, boost timber production and reduce flood risk.

The initiative is part of the Countryside Stewardship scheme; it aims to establish 1,900ha of new woodland with 3 million trees.

Guidance and application forms will be available from the autumn and the application window opens in January 2018.

For more information go to www.gov.uk/government/publications/countryside-stewardship-woodland-creation-grant-manual-2017

WEAKER STERLING DELIVERS 4.98% INCREASE IN 2017 BPS PAYMENTS

Payments made to farmers under the 2017 Basic Payment Scheme will be just under 5% higher than in 2016 and at their highest level since 2009 because of a more beneficial currency exchange rate.

Under the rules of the Common Agricultural Policy, support payments for farmers across the UK are set in Euros. It is then converted to Sterling using the average European Central Bank (ECB) exchange rate recorded across the month of September. The average



rate for September 2017 was $\text{€}1 = \text{£}0.89470$, compared to a final conversion rate for the 2016 BPS scheme year of $\text{€}1 = \text{£}0.85228$.

WHY IT PAYS TO THINK AHEAD



According to recent research less than 40% of farming families have an effective succession plan in place.

Many make the assumption that the family will just carry on. If this is the case, it is important to be clear about exactly who in the family is going to carry on and what the repercussions might be for other family members. There are obvious implications for succession planning if younger family members are not intending to follow on in the business.

Where to start?

A good starting point can be to establish a clear business plan looking at where the business is now and where it may go in the future. In addition to being clear on roles, responsibilities and objectives, this is an opportunity to ensure that ownership of the farm is held in the most tax efficient structure. Quite often farms grow in an ad-hoc way over the years and, as a result, it can be unclear exactly where ownership lies, let alone whether it is efficient from a tax point of view.

Farmers need to plan ahead for their exit strategy and start to put plans in place well before they are ready to

retire. Careful planning and advice can ensure you are able to maximise tax reliefs and pass the business on to the next generation in the most tax efficient manner possible.

At Lentells we provide a comprehensive service for Retirement and Succession Planning, allowing you to retire and leave a viable business for your family. In addition, we can advise you on all aspects of Estate Planning, including:

- Help in drawing up and reviewing Wills
- Transferring agricultural or business property
- Transferring assets into a Trust
- Making full use of exemptions and lower tax rates on lifetime transfers
- Optimising lifetime transfers between spouses
- Utilising tax efficient investments
- Dealing with Estate Administration and Probate

Please call a member of our agricultural team for an informal discussion on any aspects of Estate Planning.



Farmers targeted in fraud scam

Yet another scam has come to light in which fraudsters are specifically targeting farmers in a scheme involving invoice redirections.

As a result, some farmers have lost up to £30,000 although, according to NatWest, some have lost significantly more.

The fraudsters are obtaining details of a farm's supplier network simply by searching the internet. They are then posing as the established supplier, notifying clients by email of changes to their bank account details. As a result, farmers have been re-directing payments to fraudulent accounts.

In some cases the scam only became apparent when the genuine supplier chased for payment.

The advice is that if a supplier notifies you of any changes to their account, you must always contact the company independently and speak to your regular contact in order to confirm that the changes are indeed genuine.

Environment Agency warns farmers about new dumping scam

The Environment Agency has issued a warning after a reported rise in the dumping of baled waste on land.

Organised gangs are either identifying empty parcels of land or offering farmers money to store waste on land with the assurance that they will remove it in the near future. According to the NFU, farmers have been offered between £600 and £1,200 for 3 months' storage, only for the waste to be left on the property.

Under the law, it is a landowner's duty of care to understand the waste coming onto the land. An offence may be committed by allowing waste to be stored on land without the relevant permissions. A recent survey revealed that almost two-thirds of farmers and landowners have been affected by fly-tipping and over half agree it is a significant issue in their area.

QuickBooks Online Training

We have been delighted by the great response to our QuickBooks Online training sessions held in the early autumn in Tewkesbury, Bristol and Ilminster.



Platinum Certified ProAdvisor

The training was aimed at those new to QuickBooks and included navigation around QuickBooks, posting sales and purchase invoices, reconciling the bank and using the bank feed, generating sales invoices and charts of accounts.

This was part of our commitment to offer all our clients ongoing training and support – we will be running similar courses in the future aimed specifically at our agricultural clients.

If you are thinking of moving your accounts to the Cloud, we can work with you to ensure a smooth transition and provide ongoing advice and training.

If you are interested in attending future courses or would like advice on Cloud Accounting in general, please speak to a member of our agricultural team.



Government delays National Insurance changes for self-employed

The Government has announced that it will be delaying by a year the abolition of Class 2 National Insurance Contributions (NICs) for the low-paid self-employed which was due to come into effect in April 2018.

Class 2 NICs are currently payable at a rate of £2.85 per week for self-employed people who earn more than £6,025, the so-called Small Profits Threshold (2017/18). Those who earn less than that amount can choose to pay class 2 NICs in order to gain entitlement to a State pension, meaning that some are voluntarily paying £148.20 a year.

When Class 2 NICs are abolished, those with profits below the Small Profits Threshold are expected to be considerably worse off. They will have to pay Class 3 NICs which is five times as much at £14.25 per week if they want to build up an entitlement to contributory benefits such as the State pension.

Responsible Landlord Scheme launched to improve tenant-landlord relations

The Tenant Farmers Association's (TFA) Responsible Landlord Scheme is a response to numerous requests from landlords who are looking for help in setting up a Tenancy Agreement which is fair both to them and their new farm tenants.

The scheme is seen as an attempt to help landlords and tenants to get off on the right foot at the beginning of their commercial relationship. The scheme will provide landlords with advice and a template of a draft Farm Business Tenancy (FBT) agreement. The template is not designed to replace professional advice but to provide a starting point for landlords and tenants to agree terms for a new letting before instructing professionals.

RPA CHECKING ON ACTIVE FARMER STATUS



Rural Payments Agency

The Rural Payments Agency (RPA) is tightening the rules on active Farmer status.

As a result, a number of smaller farms in England will be required to supply an Accountant's Certificate proving their eligibility to claim under the Basic Payment Scheme (BPS). The RPA has been asked by the European Commission to carry out additional active farmer eligibility checks on claimants who have less than 36ha of land but received more than €5,000 in 2016 and have also been inspected in 2017.

Farmers affected by these checks will receive a letter from the RPA asking for an Accountant's Certificate to be returned within 10 working days. The RPA will not process their 2017 BPS

claim until this certificate has been returned.

An active farmer is defined as one who undertakes an 'agricultural activity' which is defined as one of the following:

- Producing, rearing or growing agricultural produce, including harvesting, milking, breeding animals and keeping animals for farming purposes.
- Keeping land so it is suitable for grazing or cultivation without extra preparatory work.
- Doing the minimum required on land that is naturally kept suitable for grazing or cultivation.

A more detailed definition, including specific exclusions, can be found at www.gov.uk/government/publications/active-farmer-certificate

Automatic Enrolment contributions set to increase

By law, on 6 April 2018, employers are required to increase the amount of their minimum contributions into their staff's Automatic Enrolment pension to at least 2% of qualifying earnings.



Members of staff will have to pay the shortfall needed to make the total minimum contribution up to 5%, including the employer's contribution.

The minimum contribution levels will rise again on 6 April 2019, with employers paying a minimum of 3% towards the pension and the total minimum contribution reaching 8%, with staff making up the difference.

The table below shows the minimum contributions that employers who set

up a Defined Contribution Scheme for automatic enrolment must pay and the date when they must increase. This is calculated based on earnings between £5,876 to £45,000 per year (£490 to £3,750 per month, or £113 to £866 per week) and including certain elements of pay.

More details can be found at www.thepensionsregulator.gov.uk/phase

If you would like to discuss any aspects of Payroll or Auto Enrolment in more detail please contact our Payroll team on 01460 68700 email payroll@lentells.co.uk

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
Currently until 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

DECLINE IN APPLICATIONS FOR BARN CONVERSIONS DUE TO INCREASED RED TAPE



The number of farmers applying to convert farm buildings into dwellings under Permitted Development Rights (PDRs) has dropped as concern grows about the level of regulation involved.

The rules, which were introduced in 2014, allow the change of use of agricultural buildings that are no longer needed for farming to provide up to three homes on a farm holding.

The NFU has highlighted that the number of prior approval applications under Class Q of the PDR fell by 22% between April and June 2017,

compared with the same period in 2016.

The Department for Communities and Local Government (DCLG) is reported to be consulting on the introduction of a new agricultural-to-residential Permitted Development Right (PDR) which would allow conversion of a farm building of up to 750m², for a maximum of 5 new dwellings, each with a floor space of 150m². As it stands under current Class Q legislation, up to 3 units can be created with a maximum floor space of 450m².



LENTELLS AGRICULTURAL TEAM



Debbie Thatcher
debbie.thatcher@lentells.co.uk
 01823 286274 (Taunton)
 01460 64441 (Chard)



Mike Griffiths
michael.griffiths@lentells.co.uk
 01297 20584 (Seaton)

Registered as auditors and regulated for a range of investment business activities in the United Kingdom by the Association of Chartered Certified Accountants.

This firm is not authorised under the Financial Services and Markets Act 2000 but we are, in certain circumstances, able to offer a limited range of investment services to clients because we are members of the Association of Chartered Certified Accountants. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

Licensed by the Institute of Chartered Accountants in England and Wales to carry out the reserved legal activity of non-contentious probate in England and Wales.

Please register on our website to receive our topical news updates

www.lentells.co.uk