

Passing a family farm onto the next generation

Many farmers want to pass their farm onto the next generation as tax efficiently as possible. It is therefore essential that farming families plan carefully for the future of the farm, with tax liabilities in mind and think about their long-term aims carefully.

FOUR SUCCESSION PLANNING ESSENTIALS:

Ensure everyone involved in the farming business has a Will. Consider how these tie in with the structure of the business, such as a partnership or shareholder agreement. If a farmer dies a widower without a Will and the estate passes to children, this could lead to disputes within the family and could endanger the viability of the farm if some want to continue farming and need to raise money to buy out non-farming members.

Review your Inheritance Tax position.

There are some very generous reliefs available for farmers provided certain conditions are met. Farmers should keep these conditions under review. Inheritance tax can be mitigated with good financial planning.

Get regular advice on APR. It is often misunderstood that the main farmhouse will automatically qualify for Agricultural Property Relief (APR) if the land is being farmed. If the farmer is no longer able to farm through ill health or retirement, or lets out his land to tenants, this could have an impact on the inheritance tax payable. Similarly, if the land has development potential, APR may not apply in full.

Review grazing licence arrangements.

Retaining responsibility for the maintenance and repair of the land is essential to prove the conditions for occupation are

met. By keeping receipts for repairs and a log of the day-to-day farming activities with farm accounts, these could be presented to HMRC in the event of a claim for the relief.

Robust succession planning for farming families is greatly affected by different specialist areas of law and we cannot stress enough how planning in advance can save not only money to pass to the next generation, but will serve to settle any family disagreements too. ♦



For further information, contact Helen Gowin in SAS Daniels' Private Client team on **01260 282351** or email helen.gowin@sasdaniels.co.uk



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keep things together.

As a leading Cheshire wide law firm, our Agricultural Law team can assist farmers and their families, landowners and investors with a range of specialist services. Trust our team to help you plan for your future.

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