

Welcome to Focus On... our special quarterly bulletin looking at issues relevant to particular sectors and topics of interest.

In April's Focus On... Rural, we look at how measures announced in this year's Budget could benefit farmers, while the Government has also announced a £10 million support package for farmers whose land has been left waterlogged by flooding. Meanwhile, the NFU is warning that the UK's approach to food security must be given a higher priority. Finally, farmers are being consulted over new European Commission (EC) legislation which could threaten the livelihood of glasshouse growers.

If you would like to discuss any aspect of our specialist accountancy and business advisory services for farmers and rural businesses, please contact Richard Grayson, Managing Partner at Nicholsons, at richard.grayson@nicholsonsca.co.uk or phone **0845 27 66 555**.

Farmers to benefit from £10 million flood support package

Farmers whose land has been left waterlogged by recent flooding are being invited to apply for a share of a £10 million support package.

DEFRA launched the Farming Recovery Fund on 28 February to help farmers in flood-stricken areas following the wettest winter since records began.

The fund will cover uninsured losses, rather than items which should ordinarily already be covered by insurance, and will provide assistance in four key areas of recovery:

- Restoring productive grassland;
- Restoring productive arable and horticultural land;
- Restoring farm vehicle access to fields;
- Improvements to agricultural drainage.

Farmers affected by flooding will be able to apply for emergency funding of up to £5,000, covering up to 100 per cent of their business costs, ensuring they can continue to grow crops and graze livestock.

DEFRA says the majority of the funding has been earmarked for farmers whose farms are still flooded, with the upper limit for each application being set once the flood waters recede and the longer-term damage becomes clearer.

At the same time, HM Revenue and Customs has also announced a package of measures, including a helpline, to ensure taxpayers affected by flooding



can access fast, practical help and advice on a wide range of tax problems which may arise as a result of their predicament.

The helpline can be contacted on **0800 904 7900** and is open from 8am to 8pm from Monday to Friday and 8am to 4pm on Saturday and Sunday, excluding bank holidays.

HMRC has also agreed to the following measures:

- Instalment arrangements for taxpayers unable to pay because of the floods;

- Taking into consideration situations where individuals and businesses have lost vital records in the floods;
- Suspend debt collection proceedings for people affected by flooding, and
- Cancel penalties for missed statutory deadlines when the delay was caused by the floods.

If you have been affected by flooding and require further information on accessing the above funding or have concerns regarding your tax obligations then Nicholsons can help. For further information, please contact us.

Annual Investment Allowance doubled

The Government has announced that the Annual Investment Allowance (AIA), which allows businesses to invest in plant and machinery for tax benefits, will double in April from £250,000 to £500,000 until the end of 2015.

The announcement was made in the Chancellor's Budget and scraps the planned cut in the AIA to £25,000 in 2015.

The AIA was initially cut by the Government from £100,000 to £25,000, before it was increased to £250,000 in 2012.

AIA is a kind of capital allowance, which offers tax relief at 100 per cent on qualifying expenditure in year of purchase.

Farmers and agricultural businesses can now deduct up to £500,000 from taxable profits. This pro-rates for short or long-term periods, and also for periods that span the operative dates and rates.

In response to the announcement, the NFU has urged the Government to make the move permanent.

Sean McCann, from the NFU, said: "The announcement should encourage new investment in farm machinery and plant boosting farm incomes and helping create jobs in the rural economy.

"To help farmers make long-term plans for business development we urge the Chancellor to make

this increase permanent in the next Budget."

Other measures announced in the Budget that will affect farmers included plans to double lending for export business to £3 billion and cut interest rates on lending by a third to exporters, and an additional £140 million funding to aid Britain's flood defence.

As with any tax matter, it is essential to seek advice at the earliest opportunity to ensure that you can take full advantage of the reliefs available. At Nicholsons, our agricultural specialists can advise you on the tax saving opportunities available to you and help you make the most of them through careful planning. To find out how we can help, please contact us.

EC glasshouse legislation threatens growers

Farmers are being consulted over new European Commission (EC) legislation which could threaten the livelihood of glasshouse growers.

The EC have proposed the Medium Combustion Plant (MCP) Directive as part of its Clean Air Policy Programme to reduce emissions and will apply to combustion plants of 1MW to 50MW.

Farming organisations, including the NFU, are concerned that growers who heat glasshouses using biomass boilers could be affected.

The National Farmers Union (NFU) believes that

the provisions of the legislation could force some growers to spend money on abatement systems or replacement boilers.

The directive is currently in the early stages of the EU legislative process, but the NFU is looking for comments from growers to submit as part of the consultation process.

Anna Simpson, environment policy adviser at the NFU, said: "There is plenty of opportunity to influence its scope. However, we need to gather evidence on this topic to provide a strong argument for any proposed changes."



Long-term strategy needed for UK food security

The President of the National Farmers Union (NFU) has warned that the UK's approach to food security needs to be given a higher priority.

Speaking at the NFU Conference in Birmingham, Peter Kendall said the UK urgently needed a long-term strategy to ensure its food security and boost the global competitiveness of UK food and farming.

Mr Kendall said that while many other countries had developed impressive food security strategies, the UK Government's efforts were unimpressive.

He said: "Well, we did have the Green Food Plan – under-ambitious, under-resourced and, if you'll forgive my bluntness, completely under the radar."

By contrast, Mr Kendall cited the Irish Government which has produced an ambitious Food Harvest

2020 plan. According to Mr Kendall, Irish food and farming is now reaping the benefits of this plan.

He said: "In three years, they've already seen primary production up 25 per cent and exports up 13 per cent. Simon Coveney, the Irish agriculture minister, talks about being on the brink of a golden era for agriculture in Ireland."

Mr Kendall also highlighted how the French Government was focused on driving food and drink exports, while the Australian Government had recently published a white paper on agriculture competitiveness. "They've understood that farming is part of the answer, not a drag on the economy," he said.

Mr Kendall urged the Treasury to recognise the

role that farming plays in the economy, and how the sector can play a significant role in the UK's economic recovery. He said that food and drink was the UK's fourth largest exporting sector, and agriculture had held up very well during the recession, with agricultural output increasing from £16 billion in 2007 to £24 billion in 2012.

"How much more could we do if we pulled all this together into a proper plan, with quarterly monitoring and everybody in the industry pitching in," he added.

Also speaking at the conference was Defra minister George Eustace who said that global demand for "westernised" food and drink products was rising, and the Government was committed to helping British producers take advantage of the trend by exporting more.

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