

Agribusiness E-Newsletter David Allen & Co



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Dairy Farmers of Britain Tax Position



HM & Revenue and Customs has confirmed that in the main dairy farmers will not be able to use the capital losses incurred from DFOB entering administration to offset either income tax or capital gains loss.

The full statement by the HM & Revenue and Customs can be viewed by [Clicking Here](#) which contains a useful Q & A section explaining the situation.

In summary the losses suffered by DFOB members on their Loan Stocks are not allowable, and neither are debts from Members Liability Loans, Member Capital Accounts and Member Investment Accounts.

Similarly where capital accounts were converted into shares last year in the debt for equity swap they are assumed to have had a market value of zero, so cannot offset capital gains.

The NFU will be challenging the position and seeking further clarification on the position for corporate members as the guidance only relates to individual members. For further information please contact [Michael](#).

Uplands Entry Level Stewardship Scheme Launched



Natural England and Defra launched the new Uplands Entry Level Stewardship scheme last week.

This replaces the old Hill Farming Allowance, with farmers due to receive their final payment in March this year.

Further information on how the scheme works and payment rates can be found in our [Winter Agricultural Insight](#).

Application packs will be sent out towards the end of the month. Dairy farmers are now eligible for the scheme but will need to request an application form

The first agreements will start on the **1 July 2010** with the deadline for applications being **1 May 2010**. Application packs will be based on the updated Rural Land Register maps which farmers recently received. If you haven't yet approved these or have queries with the RPA regarding them it is worth chasing this up as it may cause delays with the application process.

Natural England is holding a farm walk on 25 February 2010 at 10am at Cannerheugh, Renwick, Penrith, CA10 1LA to profile the scheme in Cumbria. For further information call Tel: 0300 060 1695.

If you have any queries regarding the scheme or would like help applying for it please contact [Kevin](#).

Dairy Emergency Aid Consultation



Consultation on how the dairy emergency aid package, agreed in response to the low milk prices across Europe, should be allocated to UK dairy farmers has identified two main options.

Option 1 - a 0.2ppl payment per litre for milk produced between October 2008 and September 2009.

Option 2 - a 0.5ppl payment per litre for the first 100,000 litres produced in the same period, with an additional payment of 0.15ppl over that amount. This option is designed to benefit the smaller producers.

The payment should be made by 30 June 2010. Although the payment will be welcomed by dairy farmers it won't be large enough to make a substantial difference to their business. In total it equates to around £1,600 per dairy farm.

More News

- ▶ **Milk price changes;** First Milk announced a 0.25ppl increase from 1 February 2010. Other milk price increases from 1 January 2010 were announced by cheese manufactures Barber's (1.0 ppl), Saputo (0.75 ppl) and Belton (0.5 ppl).
- ▶ **Plans for Britain's and Europe's biggest dairy farm;** The unit will be located just outside Lincoln and house 9,000 house cows. The herd will be Europe's largest and will consist of 18 sets of 500 animals.

The application is from Reading Agriculture Consultants on behalf of Nocton Dairies, owned by Peter Willes of Parkham Farms, North Devon who milks 2,000 cows in Devon and Lancashire; David Barnes who manages the Lancashire herd at Withgill, near Clitheroe, and Robert Howard, a local arable farmer. The group has a website which contains more details about then proposals and is at www.noctondairies.co.uk.

- ▶ **Use of Single Payment as bank security:** Burges Salmon report that in an unreported case in the Chancery Division of the High Court, the court held that the nature of Entitlements and the SFP income stream allowed a lender to take

security. The Court decided that the lender was entitled to receive the relevant payments from the RPA from the Single Payment Scheme pursuant to a Deed of Assignment entered into in 2006 and that the RPA was to account to the lender for this year's payment. The Court also enjoined the farmer from disposing of the Entitlements without the consent of the lender. For further details [Click Here](#).

- ▶ **Farm incomes fall by 6%:** DEFRA Total Income From Farming (TIFF) figures for 2009 fell to £4.07bn, as declines in output values outweighed any savings made from cheaper inputs and the increase in single farm payments. The TIFF per full time person employed in agriculture was also down by 8.2%, putting the average earning at just under £21,000. Although down, the TIFF is the second highest in the past decade, underlining the benefit of weak sterling to how competitive UK farming is.
- ▶ **New buildings levy charge:** Farmers and growers may face a new levy on any new buildings on their holdings under a change in planning regulations. The move has been described as "tax on food production" by the NFU, the CLA, TFA and CAAV who have been jointly lobbying for an exemption from the new levy for agricultural buildings.

The Community Infrastructure Levy, which has been published by the Government, may see a charge on almost all new building development. The levy is intended to see that part of any uplift in land values, created when planning permission is granted, is used to help fund the infrastructure required by the new development in the surrounding area.

The evidence presented to Government shows that there is no such uplift in land value when planning permission is granted for agricultural buildings, however despite strong lobbying as yet no exemption for farm buildings has been included in the regulations.

- ▶ **Grain prices set for double digit rise?** leading economist Prof Harald von Witzke of Humbolt University addressed the Sentry Farming Conference saying farmers had stepped off the "agricultural treadmill" of the past and entered a new world of steadily firming markets.

For all of the 20th century, farmers had faced a situation where rising food consumption had been more than outstripped by increased agricultural output. But that had now changed. Global food demand was expected to double in the first half of the 21st century, driven by population growth and rising incomes.

For further information:

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