



OUR SERVICES

Agricultural Relief

Agricultural relief is available if someone inherits or receives a gift of agricultural property, including land and buildings, and certain conditions are satisfied. The relief works by reducing the taxable value of a gift or inheritance to only 10% of actual value.

The conditions to qualify are:

The assets transferred must be 'agricultural property' at the date of transfer. This includes farmland and a dwelling house (where transferred with farmland), farm buildings, farm machinery and stock.

Including the assets transferred or inherited, 80% of the person's assets must consist of 'agricultural property' on the valuation date. The valuation date will be on or after the date of grant of probate on an inheritance.

A gift or inheritance of cash given on condition of investment in agricultural property within two years will qualify as agricultural property for the purposes of the 80% test at the date of gift or inheritance if it is so invested.

The family home situated on the farmland is considered agricultural property if it is on the land and a farmhouse of a character to the land.



The beneficiary must farm the land as an 'active' or 'qualified' farmer or lease the land to such a farmer. Farmers with an off-farm employment may qualify as an active farmer where they work on the farm for a least 20 hours per week and the farm is farmed on a commercial basis with a view to profit. If the farm is leased instead of farmed, the rent can be received tax free if the lease term is more than 5 years and the tenant is not a connected party.

At least 75% of the agricultural property transferred or inherited must be actively farmed or leased to qualify. In this regard, the value of a farmhouse cannot exceed 25% of the total value of the total agricultural property to qualify for the relief if the rest of the land is leased.

The above conditions (other than the 80% test) must continue to be satisfied for a period of 6 years after the gift or inheritance. In addition, if the agricultural property is sold during the same 6-year period the proceeds must be reinvested in other agricultural property to avoid a clawback.

If your successors own other assets when they inherit the farm that are not agricultural, or if they are in line to inherit other non-agri assets from you, they may not be able to meet the 80% farmer test.

If agricultural relief is not available, for example, if the 80% farming assets test cannot be met, then the inheritance might qualify for Business Asset Relief. In that scenario, it is not sufficient that mere farming assets transfer – it has to be a business.

What is agricultural property?

Agricultural property is:

- agricultural land, pasture and woodland (situated in the European Union or the United Kingdom)
- crops, trees and underwood growing on such land
- farm buildings and dwelling houses on the land
- livestock, bloodstock and farm machinery on the property
- entitlements to farm payments under EU Regulations
- Land on which solar panels are installed, subject to limitations
- milk quotas where transferred with agricultural land (Revenue practice).

The property must qualify as agricultural property on both the date of the gift or inheritance, and the valuation date. The valuation date is the date the property is valued for tax purposes.

Shares in a company deriving their value from agricultural property do not qualify for Agricultural Relief but may qualify for Business Asset Relief.

How do you claim Agricultural Relief?

You must file an IT38 return if you are claiming agricultural relief on a gift or inheritance. This applies even if the total taxable value of previous benefits when added to the taxable value of the current benefit qualifying for the relief, does not exceed 80% of the relevant threshold.