



## Scottish Agricultural Show

Online

Main Sponsor



Regular News from our Specialist Agriculture Team

SUMMER 2020

## Scottish Agriculture Show – Online!

**As leading providers of accountancy, tax and business advisory services to agriculture businesses across Scotland, we are delighted to be confirmed as main sponsors of the Scottish Agriculture Show – Online.**

The bespoke website for the show ([www.scottishagricultureshow.co.uk](http://www.scottishagricultureshow.co.uk)) launched on Friday 29 May, with the show itself taking place on 3 and 4 July 2020.

The show will be partnered by the Royal Highland Show and will have all the things an agriculture show would have but in a new innovative way including livestock competitions to show off your prized possessions for judging, children's competitions, trade stands and machinery. There will also be a food tent and a beer tent, each with demonstrations from experts.

Partner and Head of EQ Agriculture, Graeme Davidson, commented,

*"We are delighted to be main sponsors of The Scottish Agricultural Show - Online. The agriculture community will sorely miss the traditional show season this summer. The shows provide an opportunity for agriculture and rural communities to come*

*together and celebrate rural life and are a real focal point in the calendar for many people.*

*At EQ we always enjoy welcoming clients and friends to our stands at the Fife, Angus and Turriff Shows, as well as attending other local and national shows throughout the summer. We'll miss that this year but hope that the online show provides a way of supporting those communities in an interesting and innovative way."*

There will be lots of ways for everyone to get involved in the show and we look forward to seeing the event come together over the coming weeks.

For more information or to get involved, keep an eye on the Scottish Agriculture Show website, via Twitter or Facebook, and in The Courier and Press & Journal for everything you need to know about how to enter, deadlines, rules and how to enjoy your weekend at The Scottish Agricultural Show.

## Where will all the money come from?

The UK's annual budget deficit this year is forecast to be in the region of £300bn due to reduced tax receipts and the cost of Covid-19 support measures. With total public debt already in excess of £1.6 trillion, we are likely to see national debt approaching £2tn by March 2021.

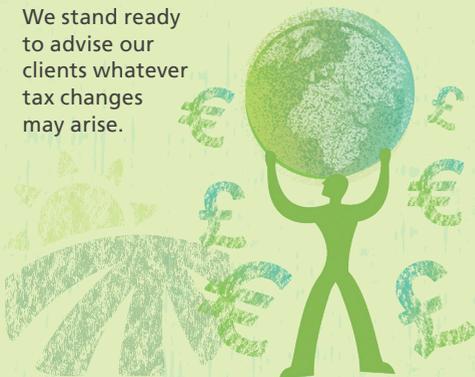
Many are starting to contemplate how this increased debt and public spending will be financed. With interest rates low the government can afford to finance the increased borrowing in the short term, luckily as an immediate tax hike would choke off any hope of economic recovery.

In the longer term, and in the absence of a magic money tree, tax increases would seem likely. To raise a significant amount of money any tax increase would need a broad base to be effective. Three taxes (income, VAT and national insurance) account for 62% of all taxes raised, so small changes to these have scope to raise significant tax.

A levelling up of national insurance between employed and the self employed now seems more likely and would be an easier sell politically given the help received by the self employed through the SEISS and the need to "protect the NHS".

Low hanging fruit can also be found in other areas such as restricting the tax relief on pension contributions or the capping of inheritance tax relief currently available through Agricultural Property Relief and Business Property Relief, where the amount of relief is currently unlimited.

We stand ready to advise our clients whatever tax changes may arise.



## Interest rate relief

A small positive of the Covid-19 pandemic, for borrowers at least, was the reduction in the Bank of England Base rate, which was cut from 0.75% to 0.25% on 11 March and then to just 0.10% on 19 March, the lowest rate in the Bank's 326 year history.

The reduction will provide a small annual cost saving of £6,500 per £1m of borrowing for those with variable rate lending. Fixed interest rates have also reduced following the cut in base rates and for those with significant debt now could be an opportune time to review debt structure to take advantage of the low rates available over a longer time frame.

Although not specifically aimed at the agricultural sector it is also possible to access subsidised lending under the Coronavirus Business Interruption Loan Scheme (CBILS) and the Business Bounce Back Loan Scheme.

Speak to your normal EQ contact for further details.



## Tenant farmers' improvements amnesty

**The Scottish Government has approved an extension of six months to the tenant farmers' improvements amnesty until 12 December 2020.**

The amnesty, which started in June 2017, allows landlords and tenants to put right any outstanding issues around the notification of tenants' improvements that should qualify for compensation once the tenancy comes to an end.

The deadline has been extended because of complications arising from the Covid-19 crisis.

# Coronavirus Business Support Measures

Farming businesses have not been immune from the current economic impacts of the COVID-19 pandemic. Over the past few weeks since lockdown we've been busy helping our rural clients make sense of the various business support schemes and make appropriate claims.

## Self Employed Income Support Scheme (SEISS)

The SEISS is intended to support self-employed individuals whose income has suffered because of the pandemic. Two grants have been announced under this scheme.

The first enables eligible individuals to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 a month for three months. This grant must be claimed by 13 July 2020.

The second grant covers a further three month period enabling a claim worth 70% of average monthly trading profits for three months, paid out in a single instalment and capped at £6,570 in total.

The grants will be subject to Income Tax and National Insurance contributions but do not need to be repaid.

## Coronavirus Job Retention Scheme (CJRS)

This scheme provides support for employers who have been unable to retain their current workforce due to coronavirus. The scheme enables employers to furlough employees and apply for a grant that covers 80% of their usual monthly wage costs, up to £2,500 a month for each employee, plus the associated Employer National Insurance contributions and pension contributions (up to the level of the minimum automatic enrolment employer pension contribution) on that subsidised furlough pay. The scheme will be altered so that from 1 July part-time furloughing will be allowed and from August enhanced employer contributions are required.

## Business Support Grants

Businesses that pay business rates or receive the small business bonus and have suffered because of the impacts of coronavirus can claim business support grants of £10,000 or £25,000 depending on their rateable value. Of course, farming businesses do not pay rates on their farm buildings, however, diversified enterprises may include buildings on which rates are assessable. If that is the case, and that enterprise has been impacted by coronavirus, business support grant eligibility should be considered.

## VAT deferral

VAT returns should continue to be completed and submitted in the normal timescales. Where there is VAT to pay for a VAT period between 20 March and 30 June 2020 this can be deferred and paid later, up to 31 March 2021. No interest will be charged on the deferred payment.

## Tax deferral

Self-employed individuals who have a tax payment on account to pay on or before 31 July 2020 can defer payment of this until 31 January 2021. No interest will be charged on the deferred payment.

**If you want more information about any of the business support measures that are available, please get in touch.**



## Coronavirus Guidance for Farmers

The Scottish Government have published specific guidance to farmers and crofters to prevent the spread of coronavirus. The guidance, which includes sections on hygiene and keeping employees safe can be found at [www.ruralpayments.org/news-events/covid-19-guidance-for-farmers-and-crofters.html](http://www.ruralpayments.org/news-events/covid-19-guidance-for-farmers-and-crofters.html)



# Change to Entrepreneurs Relief – things just got BADR

With the country's attention focused on Covid-19 the change to Entrepreneurs Relief (ER) announced in the budget on 11 March has gone largely unnoticed.

ER provided a reduced rate of Capital Gains Tax (CGT) on the sale of a business or interest in a business, with the normal rate of CGT being reduced from 20% to 10%, with a lifetime limit of £10m of gains per individual. From 11 March 2020 the lifetime limit has been reduced to just £1m and the relief will now be known as Business Asset Disposal Relief (BADR).

ER was typically used by clients on retirement, and with the previous limit of £10m most were able to sell their farm and pay just 10% tax on the resultant capital gains.

The recent change will now result in all but the smallest farms being subject to 20% CGT on a proportion of the sales proceeds.

On a 500 acre arable farm the extra tax could easily amount to £300k assuming a total capital gain of £4m.

The change of legislation highlights the importance of making full use of generous tax reliefs while they are available.

Those who are contemplating selling a farm soon would be advised to review their tax position to establish if any action can be taken to mitigate against this recent change in legislation.



## Save the date

**The Scottish Agriculture Show - Online!** There's only one place to be on **July 3 and 4**, and that is online at [www.scottishagricultureshow.co.uk](http://www.scottishagricultureshow.co.uk) for the action-packed showground of the Scottish Agricultural Show - online. Please mark this date in your diaries and look out for more details in our next bulletin and follow [@FarmScotConf](https://twitter.com/FarmScotConf) on Twitter.

## Working with you.

We are always happy to offer free, no obligation, initial consultations, and often act on a consultancy basis only.

For more information on any of the services outlined in this brochure, or to discuss a particular issue with one of our advisers, please contact our Agriculture specialists.

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