

# Leases of Farm Land - Land Lease Information & Registration

Long term leasing (minimum 5 years and can be considerably longer) is a popular and effective land use collaboration. It is very tax efficient for the land owner and gives the farmer secure use of the land for a defined period.

## 1. Owner Income Tax Relief

Land Owners qualify for Income Tax exemptions on long term leases.

The relief is per land owner and annual

- Leases 5 or 6 years €18,000
- Leases 7, 8 or 9 years €22,500
- Leases 10 to 14 years €30,000
- Leases 15 years or more €40,000

The lease term must be at least 5 years (as need be any extensions).

The tenant farmer must be an active or trained farmer and the land must be commercially farmed.

The owners and the tenant farmer must not be connected.

The lease must be appropriately constructed, signed by all parties and witnessed.

Allowable lease income for tax relief includes land rent, any infrastructure rent, and BPS/EU Entitlement value (if applicable).

In practice Revenue need only to be notified of the existence of the lease as part of annual tax returns.

## 2. Stamp Duty / Revenue Certification

Stamp Duty applies at a rate of 1% of one years rent. Stamping a lease and obtaining a Revenue Cert is required by the farmer tenant if he/she is planning to use the leased land for inter alia

- TAMS
- To secure a Herd Number
- Registered Partnerships
- Other Schemes

In practice the benefit is to the farmer tenant so stamping obligation is with them.

If the lease is 6 years or more and the tenant farmer is trained or spends at least 50% of his/her working time farming stamp duty relief applies meaning no stamp duty may be payable.

Stamping can be done on line using ROS, when the return is filed ROS issue a Stamp Certificate which can be printed down.

## 3. PSRA

The PSRA was established in 2011, one of its functions is to maintain a register of commercial leases. This register is to cover office, retail, industrial, warehouse, and most agricultural leases. It requires the submission of a commercial lease return, this is an on line return

[www.psr.ie/CL117](http://www.psr.ie/CL117)

The onus is on the tenant farmer to submit this return.

As with any collaborative farming arrangement three key considerations should apply

### **The Person**

The Person must be right. It must be someone you can work with, that person's vision for the farm must be compatible with yours. It is important to identify someone who is realistic, has farming ability and has done budgets. Don't be afraid to check out reputations and talk to people they have worked with before, always inspect each others' current / recent businesses.

### **The Price**

The Price must be fair, realistic and sustainable. All parties must make a return and this should be backed up by a proper budget and farm plan. People should be open and be prepared to share this information with confidentiality and respect. Mechanisms and templates exist to link price with farming returns which delivers fairness and avoids complicated price reviews. Chasing the top price or being captivated by price alone is a recipe for disaster.

### **The Period**

The Period or term must be sufficient so that it works for all parties. This is especially relevant where investment is required, the period must be sufficiently long to deliver an adequate return. A longer agreement also gives more security and provides a degree of certainty.



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The Land Mobility Service is a subsidised independent expert service focused on matching and facilitating collaborative farming arrangements, providing options for land owners and opportunities for young trained farmers. The Land Mobility Service is a Macra na Feirme initiative supported by other stakeholders including Food Processors.