EXECUTIVE SUMMARY

1. Farming and the agri-food sector continue to deliver significant employment and export growth across all parts of Ireland. However, investment uncertainty and pressure on competitiveness, due to the weakness of sterling, are proving significant challenges for the sector arising from the UK Brexit decision. At the same time, farming remains a low income sector, with average farm income of €24,000 in 2016. In this environment, Budget 2018 provides an opportunity for the Government to provide direct and positive support to farming enterprises. Delivery on these proposals will contribute to tackling low farm incomes and underpinning the contribution of the farming and agri-food sector to the economy,

2. IFA recognises the increase in funding allocated in Budget 2017 for farm schemes under the Rural Development Programme. These schemes are vital in supporting farm incomes and economic output on lower income farms in particular, and support important capital investment across all farming sectors. It is very important that sufficient funding is allocated across the different programme headings, under the RDP to ensure full disbursement of funding during 2018. In addition, IFA has identified further expenditure proposals which, if implemented, will positively impact on farm enterprise competitiveness and will support farm family incomes and viability. Expenditure priorities for farm enterprises and farm families in Budget 2018 are:

   - Provision of government-supported low-cost loans for farming enterprises, to fund both ongoing working capital requirements and on-farm investment
   - Increased funding for the ANCs to reach €225m, commencing the process of restoring ANC payments to 2008 levels
   - Increased funding of €25m for the Beef Data and Genomics Programme and a further €5m funding allocated to the Sheep Welfare Scheme, to support the delivery of additional measures
   - An increase in funding for the Fair Deal Scheme to remove the discrimination against farming and other small business assets in the means assessment

3. Budget 2018 provides an opportunity to address ongoing challenges in farming through the taxation system. These include income volatility, the discrimination between self-employed and employees in the income tax system and the need for ongoing farm investment, intergenerational transfer and farm restructuring. In addition, tax measures are required to support and deliver upon Government policy in renewable energy, through the development of renewable energy projects using farmland. The key priorities identified for farm taxation in Budget 2018 are:

   - Income volatility – extension of income averaging where farmer/spouse has additional self-employed income, greater flexibility on 'step-out', and provision of a deposit scheme
   - Earned Income Tax Credit to be increased to the same level as the PAYE credit
   - Retention of consanguinity relief for stamp duty, and extension of relief to all transfers undertaken within Registered Farm Partnership structure
   - Farmland under solar panel infrastructure to be classified as a qualifying asset for the purpose of assessment for relief from Capital Acquisitions Tax upon transfer
   - Reduction in the VAT rate on animal vaccines as a means to improve herd health

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Introduction and Overview

Farming and the agri-food sector continue to deliver significant employment and export growth across all parts of Ireland. Following a difficult second half of 2016, food and drink exports have grown strongly in early 2017, recording growth of 8% in the first four months of the year.

However, investment uncertainty and pressure on competitiveness, due to the weakness of sterling, are proving significant challenges for the sector arising from the UK Brexit decision.

The market disturbance caused by the sterling depreciation is impacting unequally on different Member States and different sectors, depending on their exposure to trade with the UK. Ireland and the Irish agri-food sector in particular are hugely impacted by the exchange rate movements that have occurred as a result of the UK referendum.

EU State Aid limits must be extended in Member States that have been disproportionately impacted by the depreciation of sterling, and whose competitiveness versus their EU trading partners has been undermined. IFA believes that the Government should be making a strong case at EU level for greater flexibility and an increase in State Aid limits.

At the same time, farming remains a low income sector, as shown by the Teagasc farm income figures for 2016. Average farm income in 2016 was just over €24,000, with incomes on livestock and sheep farms significantly below this. In addition, income volatility, through product price, input cost or weather related disturbances, provides an ongoing challenge to farm viability.

In this environment, Budget 2018 provides an opportunity for the Government to provide direct and positive support to farming enterprises. Delivery on these proposals will contribute to tackling low farm incomes, underpinning the contribution of the farming and agri-food sector to the economy, including the achievement of *Foodwise 2025* targets, and supporting economic activity in rural communities.

1. Expenditure Measures to support Farm Enterprises

1.1 Competitiveness

1.1.1 Low Cost Loans

Access to credit at a competitive rate is critically important to support farm investment and improve efficiency. There is an ongoing market failure within the Irish banking system, which is placing Irish farmers at a competitive disadvantage to their EU counterparts. The lack of competition between the financial institutions, and the legacy of historical banking losses is resulting in higher interest rates being charged on new lending.

The high demand for the Agri-Cashflow Loan scheme clearly demonstrated the need for competitively priced working capital on farms.

Government funding is required in Budget 2018 to support the competiveness of farming enterprises through the provision of low cost loans, to fund both ongoing working capital requirements and for on-farm investment.

1.1.2 Producer Organisations

Recognition of producer organisations across all sectors was provided for in the CAP reform 2014-2020, with a specific measure to support the setup of producer groups and organisations included in the Rural Development regulations.

Following the introduction of new legislation allowing for Producer Organisations in the beef sector, there is a need for a national initiative to organise and assist farmers in the establishment of Producer Organisations at local level. In addition, the establishment of new producer organisations within the horticulture sector should be supported.

IFA proposes that funding is provided in Budget 2018 to assist farmers with the costs associated with the establishment and ongoing running costs of producer organisations.

1.1.3 Knowledge Transfer

Continuous professional development at farm level is important as a means to improve competitiveness. Participation by farmers in discussion groups has been shown to improve on-farm efficiency and management practices.

To support the participation by farmers in Knowledge Transfer programmes across all sectors, funding of €25m is required in Budget 2018

1.1.4 Animal Health

Farmers continue to invest heavily in improving the health status of the national herd both for notifiable and non-notifiable diseases, improvements in which benefits the broader agri-sector, rural areas and the economy in general. In the context of Antimicrobial Resistance(AMR), farmers, through embracing non-notifiable disease control/eradications programmes, at significant cost, are actively reducing usage of antibiotics.

The following support measures for Animal Health are required in Budget 2018:

- ***Funding to upgrade the facilities and enhance the services provided to farmers on the six strategically located Regional Veterinary Laboratory sites.***
- ***A fully funded Wildlife Control Programme to facilitate increased capture activity in recognised TB problem areas – including a targeted Deer Management Programme***
- ***Appropriate veterinary staff numbers must be provided in all RVO's***
- ***Funding to adequately offset farmer costs across a range of disease eradication/control programmes, including TB, BVD, Johnes and IBR.***

1.2 Supporting Farm Incomes

1.2.1 Areas of Natural Constraints

The reversal of cutbacks to the ANC scheme must be a priority in Budget 2018, as these have had a negative impact on the lowest income farmers operating in marginal areas. Farmers with large areas of land classified as ANC were particularly unfairly hit by the cuts of the past budgets and the number of hectares qualifying for payment should be increased. This will strengthen the scheme in its target of maintaining farming and economic activity.

IFA proposes that funding for the Areas of Natural Constraint is increased by €25m in Budget 2018, as part of the process to restore the area-based cuts to payments imposed in 2009.

1.2.2 Sheep Welfare Scheme

Sheep farming in Ireland provides both economic benefits and non-market goods, such as land management and environmental services. This farming occurs often in peripheral upland and hill areas, which have limited alternative land use options. IFA recognises the direct support provided to the sheep sector in Budget 2017, with the introduction of the Sheep Welfare Scheme. It is proposed that an additional funding is provided in Budget 2018 for an enhanced scheme, to include additional environmental and climate change measures that participants would undertake. The payment per ewe would be increased by €5, where such actions were undertaken.

IFA proposes that additional funding of €5m is provided for the Sheep Welfare Scheme in Budget 2018, resulting in a total funding allocation of €30m.

1.2.3 Fair Deal Scheme – Means Assessment of Farm Assets

The uncapped liability on farming assets under the Fair Deal Scheme is a major concern for farm families, causing anxiety that the viability of the family farm business will be undermined or lost when attempting to meet the costs of care.

In Budget 2018, Government must provide additional funding in order to make good on its commitment to amend the Fair Deal Nursing Home Scheme and removing the discrimination against farming and other small business assets.

1.2.4 Farm Assist

Farm Assist is a vitally important scheme for low income farm families, allowing them to continue in production in difficult times. IFA acknowledges the restoration of the child and income disregards in Budget 2017, and the increase in the maximum weekly rate.

IFA proposes that, in the means test for Farm Assist, the depreciation rate for farm equipment and machinery should be increased to a standard rate of 10% to more accurately reflect the useful life of these assets.

1.2.5 Contributory Pension

The contributory pension is a hugely important source of income support upon retirement for self-employed workers, particularly those at lower income levels. The current averaging system discriminates against a small group of individuals, particularly women, who may have worked within the PAYE system for a number of years, then left the social insurance system to raise their families, and who subsequently returned to insurable employment in later years.

IFA proposes that the contributory pension system is moved from the average system to the total contribution system in 2018 for the purpose of calculating the level of contributory pension.

A separate, but related issue, which has resulted in lower pension levels being attained for some farmers, was the exclusion of farmers from making PRSI contributions prior to 2007, where they were in receipt of Farm Assist.

IFA proposes that, where a farmer was ineligible to make PRSI contributions prior to 2007, due to being in receipt of Farm Assist, these years should be disregarded in calculating their contributory pension level.

1.3 Agri-Environment and Climate Mitigation

1.3.1 Agri-Environment Schemes

Farmers are fully committed to improving the environmental and economic sustainability of their farming enterprises, and, over many years have participated in agri-environment schemes, which have contributed to the enhancement of the environment and increased the amenity value of the countryside. An important programme within the current Rural Development programme is the Green Low-Carbon Agri-environment Scheme (GLAS), in which 50,000 farmers are now participant.

IFA proposes a funding allocation of €250m for all agri-environment schemes in Budget 2018.

1.3.2 Beef Data and Genomics Programme

Farm incomes remain low on cattle enterprises, and direct supports are critical to underpin expenditure, income and output in this sector. IFA believes that direct supports to the suckler cow must be increased over the coming years to reach €200/cow, through a combination of CAP and national supports.

In the context of Budget 2018, IFA proposes that funding under the existing Beef Data and Genomics Programme is increased by €25m, to reach €77m. This would be allocated to farmers, at a rate of €50/cow, who undertake additional measures covering animal weighing and animal welfare. IFA recognises the re-opening of the scheme to new entrants in 2017, and proposes that new entrants should have the option of undertaking all measures under the BDGP, or just the new measures, with appropriate payments.

IFA proposes an increase in funding of €25m for the Beef Data and Genomics Programme in Budget 2018, to support an enhanced programme of measures, for both existing and new BDGP participants.

1.3.3 Forestry

The forestry sector has a central role to play in achieving Ireland's climate change and renewable energy targets.

IFA proposes the following measures to support the afforestation programme and the development of the economic potential of the forestry sector

- ***Continued funding for a 7,000 ha planting programme and forest owner groups to realise the economic potential of the private forest resource***
- ***Increased funding of the Forest Road Scheme to cover the cost of road construction and support mobilisation of the private forest resource***
- ***Funding for small scale harvesting and processing equipment to facilitate the mobilisation of non-commercial scale forests***

1.3.4 SAC Payments

Payments through the National Parks and Wildlife Service (NPWS) must be continued through the Farm Plan Scheme to meet the costs of restriction imposed and to provide adequate compensation to farmers whose incomes and livelihoods have been negatively affected by designation.

IFA proposes that additional funding of €5m must be allocated to the NPWS in Budget 2018 to pay farmers where restrictions to farming result from land designation.

1.3.5 Renewable Heat Investment

One of the main barriers to widespread use of renewable heat at farm level is the cost of installation. Long-term support tariffs are required to stimulate development of the renewable heat sector. A properly targeted Renewable Heat Incentive (RHI) scheme can play an important role in reducing our dependency on imported fuels and moving Ireland forward towards achieving our EU 2020 targets.

IFA proposes that funding for farming and community based renewable heat projects must be provided in Budget 2018, as part of a wider Renewable Heat Incentive programme.

1.3.6 Biomass Supply Chain Development

Government support for farm level development of biomass energy production systems is required to improve residue recovery, handling, processing and storage technologies. Improved biomass supply chains must be developed to support farmers to cost effectively produce larger quantities of biomass feedstock to compete with conventional fuels

Funding is required for an integrated Biomass Mobilisation Programme, to support farmers to invest in farm based infrastructure, such as specialised machinery, storage and drying units.

1.4 Investment and Diversification

1.4.1 TAMS II

The implementation of a strong on-farm investment scheme is critical given the ambitious growth targets set out in *Foodwise 2025*, with an ongoing investment requirement across all sectors, to improve efficiency and meet higher environmental and animal welfare standards.

IFA proposes that €100m is allocated for TAMS measures in Budget 2018. This funding allocation would include the carry forward of unspent funding from 2017. The funding is required to support both existing and new measures approved under the annual review of the Rural Development Programme.

1.4.2 Farm Safety

Farm safety is a top priority for the sector. The IFA **SAVE LIVES, Think Safety, Farm Safely** campaign, which has been in operation since 2015 aims to encourage farm families to change their working practices, to identify the potential dangers and to take preventative actions to reduce the risks. Awareness and education programmes focussed on prevention through supporting farmers to change behaviour are the best way to reduce farm accidents.

IFA proposes that a programme of funding for Farm Safety is introduced in Budget 2018, with the following measures:

- ***Under the TAMS farm safety measure, the minimum expenditure of €2,000 per holding should be reduced to remove the disincentive to farmers from participation***
- ***Funding should be provided to the Farm Safety Partnership Advisory Committee to implement the Farm Safety Action Plan 2016-2018***
- ***A grant-aided PTO scrappage scheme, to encourage farmers to replace old PTO shafts with new safer models***

1.4.3 Horticulture

The Scheme of Investment Aid for the Development of the commercial horticulture sector is critical to the expansion of the sector and has been successfully utilised in the past to undertake investment and improve efficiency and innovation.

IFA proposes that funding for the Scheme of investment aid for commercial horticulture is increased to €8m in Budget 2018, to meet the demand for investment, evidenced by the oversubscription of the scheme in previous years.

In addition, compensation must be provided for the disposal of ash plants in the amenity horticulture sector arising from the Ash-Dieback disease.

1.4.4 Aquaculture

Immediate implementation of the recommendations of Independent Aquaculture License Review Committee (IALRC) is required to deliver timely licenses, support the growth of the industry and provide jobs in coastal communities. A communications campaign is also required to improve public understanding and outline the environmental, economic and social sustainability of the sector.

Funding must be provided in Budget 2018 to support the "Implementation Strategy" as per Recommendation 10 of the Independent Aquaculture Licence Review Committee report to "assign responsibility for recommendations, accountability and set milestones for delivery and identify the necessary resources to support the implementation process".

In addition, resources must be made available through the EMFF to fund a communications plan under Article 68 of regulation (EU) No 508/2014 and the recently agreed "Farmed In The EU" campaign for Ireland, assisted by DG MARE.

1.4.5 Walks Scheme

The Walks Scheme has had a significant impact on the development of recreational activities, boosting rural tourism and supporting farmers who provide access to their land. IFA has campaigned for several years for the number of walks to be increased.

IFA proposes that, as per the Programme for Government commitment, the number of walks under the scheme must be increased to 80, with a funding allocation of €4m in Budget 2018.

2. Taxation Measures to Support Growth and Restructuring

2.1 Income Volatility

Income volatility, resulting from product price, input cost fluctuations and weather events, is a feature of agricultural enterprises. Increasing price and income volatility in the past decade, due to the continued withdrawal of market management supports, and greater exposure to the world market, require the introduction of additional, targeted measures to allow farmers to directly manage risks in their own enterprises.

Within the taxation system, IFA is proposing the enhancement of existing measures to address volatility, which will increase their availability and improve their uptake. In addition, IFA is proposing a separate, individualised measure to manage income volatility.

2.1.1 Extending Income Averaging to Farmer/Spouse with Additional Self-Employment

Under current income taxation rules, farmers and their spouses who have a separate source of self-employed income are excluded from participating in income averaging. To remove this discrimination, and maximise the number of farmers that can avail of income averaging, it is proposed that the current restrictions on eligibility for income averaging where the farmer and/or spouse has separate self-employed income are removed.

IFA proposes that qualification for income averaging on farming profits should be extended where the spouse and/or farmer has a fully separable source of self-employed income.

2.1.2 Increasing Flexibility in Income Averaging 'Step-Out'

Income averaging for farmers is a recognition that income in the sector is volatile and that the annual tax liability can vary significantly. The step-out facility for exceptional years (once in a five-year period) introduced in last October's budget allows farmers to pay their tax on the basis of actual income in that year, rather than the averaged income. A farmer may only elect to 'step out' once in a five year period.

IFA believes that an amendment to the measure, which would allow for the 'step out' more than once in the five year period would provide greater flexibility to the scheme, while at the same time providing a strong incentive to farmers for early repayment of the deferred amount.

IFA proposes that a farmer should be allowed to 'step-out' of income averaging more than once in a five year period, where he is not carrying an unpaid deferred tax amount from a previous 'step-out'

2.1.3 Deposit Scheme

IFA believes that, while income averaging provides a very useful mechanism for tackling income volatility through the taxation system, an additional individualised volatility scheme is also required. There is very strong demand for a deposit-type scheme which would allow farmers to place on deposit income received in a particular year and to bring it back into their farm enterprise at any time within the next five years. The income would become subject to income taxation at the time of draw down.

It is critical that, in any structure developed, and subject to the rules and structure of the scheme:

- The scheme would be fully voluntary for a farmer to choose to participate in
- The farmer would decide the amount that would be put on deposit
- The money deposited would be available to be drawn down into the farm enterprise when required
- The scheme should be available to farmers operating across different sectors
- Any money put on deposit by the farmer must be ring-fenced and secure

IFA proposes the introduction of an individualised deposit scheme for farmers for the management of income volatility. Income would be put on deposit and brought back into the farm enterprise within the next five years. The tax due on that income would be calculated and payable in the year of drawing it down.

2.2 Removing Discrimination in the Income Tax System

2.2.1 Earned Income Tax Credit

The continued discrimination in the income tax system between PAYE employees and the self-employed, which results in a self-employed person entering the income tax system at a lower income, must be fully eliminated in Budget 2018.

IFA recognises the commitment in the Programme for Government to increase the Earned Income Tax Credit to €1,650 for the self-employed, to match the PAYE credit, by 2018. The Earned Income Tax Credit must be increased from its 2017 level of €950, to €1,650 in October's budget, to be in place from 1 January 2018.

2.3 Farm Transfer and Succession

2.3.1 Stamp Duty Consanguinity Relief

To encourage early farm transfer, an exemption from Stamp Duty applies where farming assets are transferred to, or purchased by, a young qualified farmer. Thereafter, the stamp duty rate of 2% applies, except in the case where a family transfer occurs, and the transferor has not yet reached the age of 67. In this situation, consanguinity relief from stamp duty applies – i.e. a 1% rate of stamp duty. The relief is scheduled to cease to apply to non-residential property after 31 December 2017.

IFA believes that consanguinity relief should be extended to include a transfer that occurs within the structure of a Registered Farm Partnership[1], irrespective of the age of the transferor.

IFA proposes that, to encourage the early lifetime transfer of family farms, Stamp Duty Consanguinity Relief for non-residential property should be retained after the 31st December 2017, where the transferor has not reached the age of 67.

In addition, IFA believes that consanguinity relief should be extended to include all farm transfers that are undertaken within the structure of a Registered Farm Partnership.

[1] It should be noted that a Succession Farm Partnership is a sub-set of the Register of Farm partnerships – i.e. all Succession Farm Partnerships must be a Registered Farm Partnership

2.3.2 Agricultural/Business Relief and CAT Values

90% Agricultural Relief from Capital Acquisitions Tax is a hugely important support for the intergenerational transfer of family farms. It allows for the transfer of family farms of a scale sufficient to generate a livelihood for the next generation, without burdening the new farmer with a major tax bill at the outset of their farming career. Its retention for active farmers in Budget 2015 was a very positive move, ensuring that transferred land is put into productive use.

IFA believes that the retention of 90% Agricultural is critical to support the transfer of economically viable family farms. To ensure that farms of a viable size can continue be transferred, IFA supports the commitment in the Programme for Government to increase the Category A threshold (parent and child) in future budgets.

2.4 Farm Investment and Improvement Measures

2.4.1 VAT Rates on Animal Vaccines

The use of vaccination is recognised as an effective measure to improve herd health and to tackle Anti-Microbial resistance. VAT on non-oral animal medicines, including vaccines, is applied at the standard rate, while animal medicines that are administered orally are zero-rated for VAT.

IFA proposes that to encourage increased use of vaccination as a means to improve herd health and to proactively assist with AMR, the VAT rate on non-oral animal medicines should be reduced to 0%.

2.4.2 CGT Entrepreneur's Relief

IFA recognises the introduction of CGT Entrepreneurs Relief in recent budgets to encourage investment in businesses and to reward risk-taking and entrepreneurial behaviour. From 1 January 2017, a reduced CGT rate of 10% applies to the disposal in whole or in part of qualifying business assets up to an overall lifetime limit of €1m of chargeable gains.

IFA proposes that the lifetime limit of €1m on the CGT Entrepreneur's relief should be increased in Budget 2018. The enhancement of CGT Entrepreneurs Relief is an important measure to encourage risk taking and investment, and the subsequent disposal of business assets during an individual's lifetime

2.5 Renewable Energy and Climate Efficiency Proposals

With almost 50% of Ireland's renewable energy targets for 2020 yet to be reached, a stronger, more inclusive energy policy is urgently required. There are significant economic, environmental and social benefits arising from increased renewable energy production at farm level and in community-based projects, through increased activity and income generation, and a reduction in carbon emissions. Government funding support and taxation measures are required to deliver in this area.

2.5.1 Capital Tax Treatment of Land Under Solar Panel Infrastructure

The use of farmland is continuously evolving to reflect changing market demands and emerging opportunities. In recent years, farming has begun to contribute to renewable energy generation. In this developing area, farmland is increasingly being considered for use in solar energy production.

Gifts and inheritances of agricultural property qualify for Agricultural Relief from the payment of Capital Acquisitions Tax (CAT) once certain conditions are satisfied. A beneficiary's agricultural property must comprise at least 80% of the beneficiary's total property at the date of transfer.

Under the current Revenue Commissioner interpretation, land on which solar panels are installed is not deemed to be agricultural property. Therefore, depending on the amount of an individual's land that is actually occupied by solar panels, the use of agricultural land for a solar energy project may result in a beneficiary's failure to satisfy the '80%' test and to qualify for agricultural relief. Farmers are currently at a decision point, whereby they are considering entering into long-term contracts with solar panel companies. The current position of the Revenue Commissioners will actively discourage farmers to convert their land use to this purpose.

IFA proposes that farmland that is under solar panel infrastructure must be considered as part of the overall trading enterprise, and a qualifying asset eligible for relief for the purpose of assessment under Capital Acquisitions Tax when transferred to the next generation.

2.5.2 Accelerated Capital Allowances for Emission Efficient Equipment

IFA believes that investment in emission efficient farm equipment should be incentivised, similar to the incentive applying under the SEAI ACA scheme for energy efficient equipment. Increased investment in emission efficient equipment should be encouraged as part of the comprehensive response of the Irish agriculture sector to contributing to meet the COP 2030 climate change targets.

IFA proposes that farm equipment, which contributes to increased emission efficiency, should qualify for accelerated capital allowances. This would be provided through an enhanced SEAI Accelerated Capital Allowances Scheme, or through a parallel scheme, which would operate under the same structures – i.e. 100% capital allowances for investment in equipment that is independently certified and listed by a qualifying authority.

2.5.3 Treatment of Income Invested in Community-Based Renewable Energy Projects

In its submissions to the Department of Communications, Energy and Natural resources on the development of renewable energy policy, IFA has clearly outlined the need to support and incentivise investment in infrastructure at farm and community-level. There remains a great potential to generate economic activity and earnings at rural community level, through farmers and other individuals investing directly in renewable energy projects. It is believed that Government must meaningfully support this through offering priority access and grid connection to development companies which have, as part of their funding structure, a community-financed element.

IFA believes that support through the taxation system should be provided to incentivise small scale investors in larger renewable energy projects.

IFA proposes that incentives through the taxation system should be provided to encourage investment by farmers and other individuals in community based renewable energy projects. This could include:

- ***Income tax relief on investment in renewable energy projects, through qualification for the Employment and Investment Incentive Scheme (EIIS) and favourable Income/Capital Gains Tax treatment on any growth achieved on the initial investment amount.***
- ***Where the individual becomes a shareholder in a renewable energy project, income tax relief, up to a designated limit should be provided on the income/profit received from these enterprises.***

2.6 Supporting Employment in Rural Ireland

2.6.1 Incentivising Apprenticeships in Rural SMEs

A skills shortage is emerging due to a lack of availability of trade-based vocational training programmes. This has the potential to undermine economic growth, especially the development of small businesses in rural Ireland. IFA recognises the commitment in the Programme for Government to double the number of apprenticeships by 2020, with a significant increase in the number of traineeship places and the development of a mechanism to recognise a person's practical work experience and expertise to qualify them to take on an apprentice.

IFA proposes that incentives through the tax or Social Protection system should be provided for small business employers who take on apprentices in an approved programme. This could be structured in the following way:

- ***An income tax credit, similar to the Apprenticeship Job Creation Tax Credit[2] scheme currently operating in Canada, which provides a non-refundable tax credit equal to 10% of the eligible salaries and wages payable to eligible apprentices in respect of employment; or***
- ***The Jobs Plus employment incentive scheme, which provides a cash payment to employers who take on workers who have been out of work for a long period of time.***

2.6.2 Incentives to Support the Domestic Artisan Cider Industry

As a labour-intensive industry based in rural Ireland, there are significant economic and social benefits arising from growth in the apple production and other soft-fruit sectors. The evidence of the micro-brewed beer industry of the last 10 years, which has increased market presence to about 10%, provides a clear indication of the responsiveness of indigenous producers to a more favourable cost environment, arising from a 50% reduction in the duty rates.

IFA believes that Government support should be provided to encourage the growth of the small-scale domestic artisan cider industries. Measures that should be considered include:

- ***Removal of the upper excise band for cider, resulting in a single rate of duty of €94.46/hectolitre; and***
- ***Establishment of an Artisan Cider Manufacturers License for annual production quantities up to 1,000 hL. Such a license would permit both retail and wholesale sales.***

[2] http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns409-485/412/jctc-eng.html