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Budget 2020

Farming for a sustainable future

The Irish Farmers' Association



BUDGET 2020 IFA SUMMARY REPORT

October 2019

Budget overview

The current economic climate is characterised by growing uncertainty, Budget 2020 reflects this. The impending Brexit negotiations meant the Budget assumed a conservative approach and many agri-related announcements on Brexit are conditional on a No-Deal.

Main changes to the Agriculture Budget

The Agriculture Budget has been increased from €1,596m to €1,647m, an increase of 4.2%. Expenditure on farm schemes under the Rural Development Programme as well as other programmes will be €869m in 2020 an increase of 3% from 2019.

Farm schemes

Agri-Environmental measures

The allocation for the Agri-Environmental schemes is €235m, this is an increase of €5m. This will include GLAS payments 48,500 farmers in the scheme. Plus, Locally Led Schemes including the Burren, Hen Harrier, Pearl Mussel and other schemes.

In addition, €3m is earmarked for pilot agri-environment schemes. These have yet to be spelt out but they will be related to climate actions on farms and will involve an EIP call.

Sheep Welfare Scheme

€18m allocated for the Sheep Welfare Scheme for 19,000 farmers.

Areas of Natural Constraint

€250m is allocated to the ANC scheme for 2020 and will benefit 104,000 farmers.

Beef Data and Genomics Programme

€45m is allocated under the BDGP for 24,000 farmers in the scheme.

Targeted Beef supports

€40m has been allocated for targeted supports, these include a commitment for continuation of the BEEP weighing scheme. Further possible supports for beef farmers includes rearing dairy beef animals and improvements in standards for animal welfare on beef farms.

TAMS

€82m has been allocated for on-farm capital investment under TAMS in 2020, which is an increase of €12.1m. This will pay grant aid to 5,800 farmers.

Forestry

€103.5m has been allocated for existing forest premiums as well as supporting an additional 8,000ha of new planting and the construction of 125km for forest roads. Forestry budget has been maintained for 2020

Horticulture

€6m has been provided for the development of the Commercial Horticulture Scheme.

State Agencies

- €48.2m has been allocated to Bord Bia for food and marketing promotion, an increase of €1.6m to promote Irish beef and sheepmeat.
- €84m has been allocated to the Horse and Greyhound Racing Fund, of which €16.8m has been allocated to Bord na gCon.
- Horse Sport Ireland was allocated €4m to assist strategic development in the sector.

Conditional No-Deal Brexit Funds

In the event of a No-Deal, €650m will be made available to the Agriculture, Enterprise and Tourism sectors and to assist regions most affected. This will be staged with €220m allocated in the immediate aftermath of a No-Deal.

Specifically, €110m has been conditionally allocated for the Department of Agriculture Food and Marine in the event of a No-Deal Brexit.

This contains specific conditional supports as follows:

- €85m for beef farmers
- €14m for fisheries
- €6m for livestock and mushroom sector
- €5m for food and drinks processing industry.

Other relevant expenditure areas**Rural and Community Development**

The total allocation of €308m to this Department covers a wide range of both current and capital programmes.

Supports include: Leader, Rural Recreation and Community Development.

Culture, Heritage and the Gaeltacht

An increased allocation of €1m is provided to reopen the NPWS Farm Plan Scheme for farmers with designated SAC and SPA land.

Main taxation measures

Agricultural taxation

Stamp duty

Stamp duty on agricultural land has been increased by 1.5% to 7.5%. For every €100,000 this represents a cost of €1,500 in Stamp Duty. Current rates will apply for transactions in process, which are completed by 1st January 2020.

Stamp duty relief for Young Trained Farmers will remain unchanged. The impact of this increase will be on the €70,000 State Aid limit introduced in the Finance Bill 2019, as the relief will be calculated at the 7.5% rate.

USC

A one-year extension of the reduced rate of 0.5% USC on first €12,012 earned and 2% USC on the balance, for medical card holders to end of Dec 2020.

USC band 2020	Rate
First €12,012	0.5%
€12,012 to €19,874*	2%
€19,874 to €70,044	4.5%**
Balance	8%

* The 2% rate band is increased at the upper end by €502 to €19,874.

** The 4.75% rate is to reduce to 4.5%

Farm Restructure relief

The current relief available to farmers for consolidation of farm holdings has been extended to 2022. There has been no change to the current conditions of the relief. The main condition is the receipt of a consolidation certificate from Teagasc.

General Taxation

Earned Income Tax Credit

For self-employed tax payers, including farmers, who do not receive the PAYE Tax Credit (€1,650), the Earned Income Tax Credit of €1,350 is being increased by €150 to €1,500, effective from 1st Jan 2020.

Tax credits & reliefs

The Home Carer Credit was increased. This will support working families with caring responsibilities in the home. It qualifies a married couple who are jointly assessed, where one spouse works at home to care for a dependent child (<18years) or a dependent aged or incapacitated person. The Home Carer Credit is to increase by €100 to €1,600.

Vehicle Registration Tax (VRT) Environmental Health

In addition to VRT, there is now a new VRT nitrogen oxide (NOx) environmental surcharge. This replaces the 1% diesel surcharge introduced in Budget 2019. It will apply to new cars registering for the first time in the State from 1st Jan 2020. The calculation of this will apply on a euro (€) per milligram/kilometre basis, with the rate increasing in line with the level of nitrogen oxide emitted. Further details will be outlined in the Finance Bill.

The VRT relief for conventional hybrids and plug-in electric hybrids is being extended until the end of 2020 subject to CO2 thresholds.

The Finance Bill will provide for additional relief through the Diesel Rebate Scheme to hauliers, compensating for the increased cost of fuel.

Capital Acquisitions Tax

The Group A tax free threshold, which applies primarily to gifts and inheritances from parents to children, is being increased from €320,000 to €335,000. This applies from 9th October 2019.

Social Protection, Health, Education and Children

Social Protection

Nursing Home Support Scheme (Fair Deal)

Budget 2020, provides a further investment in the Nursing Homes Support Scheme of €45m, bringing the total annual budget for NHSS to €1.03bn in 2020. This substantial investment will provide ongoing long-term residential care for an average of approximately 23,500 people over the course of 2020.

Payment rates

There are no changes to Social Welfare payment rates across all schemes including Farm Assist.

However, there will be a €2/week increase for each qualifying dependent child under 12 years of age from €34 to €36 and €3/week for children 12 years or more from €37 to €40/week.

A Christmas Bonus of 100% of the weekly payment will be paid to social welfare recipients in December 2019.

Other Social Welfare measures

- The fuel allowance has increased by €2/week.
- The allocation for Farm Assist has reduced from €72m to €61m. This relates to a reduced number in the scheme, mainly due to farmers reaching old age pension, either spouse or both securing off farm employment or farmers' changed circumstances i.e. change in number of qualified dependent children.
- Carers to benefit from increased hours they can work or study every week outside the home – gone up from 15 hours to 18.5 hours.

Health

- Prescription charges for all medical card holders will reduce from €1.50 to €1.00 per item for the over 70s and from €2.00 to €1.50 per item for the under 70s.
- The threshold for the Drugs Payment Scheme will reduce from €124 to €114 per month.
- The medical card threshold for people over 70 will be increased by €50 for a single person and €150 for a couple per week.
- €100m has been allocated to the National Treatment Purchase Fund for 2020 (€75m in 2019).
- Free GP care will be extended to under 8-year olds, while dental care will be brought in for under 6-year olds.
- 1 million additional home care hours will be made available in 2020