Newsletter February 2022

Stacey

Rural Business Administration

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Making Tax Digital (MTD) - Digital VAT

As of April 2022, all VAT registered business must register for MTD, use and submit their VAT returns via compatible software. We've assisted several businesses with conforming to the new regulations and introduced new procedures to help with storing digital records. We're aware that setting up new bookkeeping records has meant that businesses have incurred additional setup costs, but there are advantages. All income and expenditure is categorised, bank records reconciled and paperwork scanned in and readily available. Access can be granted to your accountant so that they can prepare your returns and accounts quickly, efficiently and cost effectively.

There are also several ways in which you can assist us to reduce the amount of time we need to spend reconciling accounts and chasing for information. This will help keep bills down in future.

- Keep personal and business transactions separate. The simplest way to achieve this is to maintain separate bank accounts for personal and business use, and to ensure that business and private purchases are kept separate. This reduces the time spent recording private expenses.
- Provide all invoices and receipts. This sounds simple but companies are increasingly moving away from paper records and may only email invoices or you may need to log into an account to download an invoice/ statement. Electronic records can be emailed to us when they become available to you to save hunting for it later. Ensuring that all paper records are provided saves us having to chase paperwork from suppliers.
- Provide us with supplier statements. This is a great way to double check that no invoices have been missed and assists with matching up payments when a single payment has paid off more than one invoice, or a credit note has been applied.
- Keep a record of cheques written to pay business expenses and details of business income paid into the bank. This is needed for the bank reconciliation to match up which bills/invoices have been paid.
- Ensure that all Hire Purchase Agreements have a number, are dated and signed. As the VAT invoice is made out to the HP company, then we cannot claim the VAT from that, however we claim the VAT using the HP agreement. Therefore, a VAT inspector must have sight of the completed agreement to be able to claim the VAT.

Basic Payment Scheme (BPS)

BPS Reductions
BPS payments will continue to decrease this year by a greater percentage than last year. Rates for 2025, 2026 & 2027 have not been announced. These are percentage deductions on your 2020 payment.

Payment Band	2022	2023	2024
Up to £30,000	20%	35%	50%
£30,000 to £50,000	25%	40%	55%
£50,000 to £150,000	35%	50%	65%
Over £150,000	40%	55%	70%

Delinked payments from 2024
BPS will be replaced by delinked payments from 2024, meaning the last opportunity to claim BPS will be in 2023. To claim the delinked payment, there will be no requirement to farm any land or hold BPS entitlements - it's a payment that's delinked from land. A claimant could in fact cease farming completely and still receive the delinked payment. Delinked payments will be based on your BPS payments in a reference period, which is the BPS 2020 to 2022 scheme years. Your delinked payments for 2024 to 2027 will not be affected if your farm size changes, or if you change what the land is used for, after BPS 2022. You can receive delinked payments even if you choose to stop farming. However, you must claim, and be eligible for, BPS payments in the 2023 scheme year to receive delinked payments for 2024 to 2027. Whoever claims BPS in 2023 will receive the delinked payments.

Lump Sum Exit Scheme - applying in 2022
The Lump Sum Exit Scheme will offer a lump sum payment to 'farmers in England who wish to exit the industry'. DEFRA has confirmed it expects applications to open from April 2022 and close at the end of September 2022, with payments starting from November 2022. It is only intended to offer this scheme in 2022. More guidance, including how to apply, is due to be published before applications open. That guidance will also explain what evidence will need to be provided to receive the lump sum payment.

You can apply for BPS 2022 and apply for the Exit Scheme, your lump sum will simply be reduced by what you received for your 2022 BPS payment. To be eligible you need to have claimed BPS in 2018 or earlier, or inherited or succeeded an AHA 1986 tenancy after 15 May 2018. Before you receive the lump sum you must transfer all your land (apart from up to 5ha which you can keep if you wish) or plant your land with trees under a woodland Creation Scheme. You must transfer any common rights and you must surrender your BPS Entitlements to the RPA. Anyone who successfully claims the lump sum won't be able to claim any further BPS payments, delinked payments. The applicant (and any remaining partners in their partnership, if applicable) will not be able to claim subsidies (Sustainable Farming Incentive, certain aspects of Landscape Recovery/Local Nature Recovery and Countryside Stewardship options) on the decommissioned land but may be able to claim the Productivity Grant. A forecast statement can be requested from the RPA which shows the lump sum amount a claimant could receive based on their Reference

Amount. The Reference Amount is an average of the BPS payment received for 2019, 2020 and 2021, then the reference amount is multiplied by 2.35 to give the final Lump Sum, which is subject to a Cap of £99,875.

Countryside Stewardship (CS)

Mid Tier – payment rates

Existing agreements will now as of 1 January 2022 benefit from new higher rates of payments. Rates that have decreased for new agreements starting 2023 will not apply and the original rate will be paid. A full list of rates can be found on the Gov.uk website.

Code	Name	Old Rate £	Rate for agreements starting on or before 1 Jan 2022 £	Rates for agreements starting on or after 1 Jan 2023 £
BE3	Management of hedgerows	8	9	9
GS1	Take field corners out of management	365	365	333
GS2	Permanent grassland with very low inputs (outside SDA)	95	132	132
GS3	Ryegrass seed-set as winter food for birds	331	426	426
GS4	Legume and herb-rich swards	309	358	358
GS6	Management of species-rich grassland	182	182	182
SW9	Seasonal Livestock removal on intensive grassland	88	106	106
AB9	Winter bird food	640	640	640
AB12	Supplementary winter feeding for farmland birds	632	657	657
AB7	Wholecrop cereals	495	554	554

Mid Tier – applying in 2022

Countryside Stewardship Mid Tier will run as we know it with applications in 2022 and 2023 before Environmental Land Management Schemes take over in 2024. Application packs must be requested by 27 May 2022 with a submission deadline of 29 July 2022.

Water Quality items that require CSF Approval need to be requested at least 10 weeks before your application goes in, to give Officers time to process your requests, however there is no guarantee that requests will be processed in that time frame. As of the 1 April 2022 the eligible area is going to be widened to include Medium Priority areas as well as High Priority areas, therefore if you are interested in any Water Quality items that require approval you will need to check on Magic Maps that where you want the items fall within those areas.

Capital Grant

There’s no application deadline now, however it will only remain open until funding has been allocated and 6 weeks’ notice will be given of the scheme closing. There is again £60,000 available for water quality, air quality and for boundaries, trees, and orchards

(£20,000 max in each). As with Mid Tier, as of the 1 April 2022 the eligible area is going to be widened to include Medium Priority areas as well as High Priority areas, therefore if you are interested in any Water Quality items that require approval you will need to check on Magic Maps that where you want the items fall within those areas.

Environmental Land Management (ELMS)

Sustainable Farming Incentive

SFI will be launched Spring or early Summer 2022 with first agreements starting Autumn 2022 and first payments by the end of the year. To be eligible you must have claimed BPS in 2022 and have management control for 3 years. There will be a 2 year break clause available. The Standards are summarised below. These Standards can be on land already in Mid Tier Countryside Stewardship as long as there is no "double funding". For 2022 there will be no Advanced levels for standards or capital payments although both are expected to be introduced as the scheme progresses.

Arable and Horticultural Soils Standard

Introductory level - £22 per hectare

- test soil organic matter
- undertake a soil assessment and produce a soil management plan
- 70% winter cover to protect soil:
  - at least 70% of land in the standard must have green cover over the winter months (Dec-Feb)
  - this can include any kind of green cover, including autumn sown crops and weedy stubbles
- addition of organic matter:
  - add organic matter to 1/3 of the land in the standard each year
  - this can include any kind of organic matter, including sown green cover crops

Intermediate level – £40 per hectare

- In addition to the introductory level, the 70% winter cover to protect soil must include:
  - multi-species green cover – covering at least 20% of total land in this level of the standard
- The addition of organic matter must include:
  - multi-species green cover grown under the cover crop requirement above, plus the rest made up of other ways to add organic matter as per the introductory level

Advanced level – To be introduced from 2023

Improved grassland soils standard

Introductory level – £28 per hectare

- test soil organic matter
- undertake a soil assessment and produce a soil management plan
- 95% green cover to protect soil (no more than 5% bare ground over winter)

Intermediate level – £58 per hectare

- In addition to introductory requirements:
    - Establish or maintain herbal leys to improve soil health on at least 15% of land in the standard

Advanced level – To be introduced from 2023.

Moorland and rough grazing standard

Introductory level (Yet to be finalised) - £148 fixed per agreement per year, plus additional variable payment rate of £6.45 per hectare

- verify and record soil types, including peatland, and associated vegetation
- evaluate the public goods potential and condition of the moorland
- identify opportunities to maintain or enhance public goods

Intermediate and advanced levels – To be introduced from 2023.

Annual Health and Welfare Review

Available to livestock farmers who keep more than 50 pigs, 20 sheep or 10 cattle and currently eligible for BPS.

Payment rates

- pigs - £684
- sheep - £436
- beef cattle - £522
- dairy cattle - £372

Future Standards

Between 2023 and 2025, new standards will be added (subject to confirmation):

- 2023 - Hedgerows **/** integrated pest management **/** nutrient management,
- 2024 - Agroforestry **/** low and no input grassland **/** moorland and rough grazing (all levels) **/** water body buffering **/** farmland biodiversity,
- 2025 - Organic **/** on-farm woodland **/** orchards and specialist horticulture **/** heritage **/** dry stone walls.

Look out for emails from us as this scheme develops.

Local Nature Recovery and Landscape Recovery

Pilot schemes are being rolled out. More information on these will be given when available. Please look out for emails from us if you are interested in this.

Farming Investment Fund

Farming Equipment Technology Fund – This is the replacement for the Productivity Small Grants for small equipment granting £2,000 to £50,000 over two rounds. The 1st round has closed but is expected to run again soon. Please look at our previous Newsletter on our website and look out for emails from us.

Farming Transformation Fund – This is for larger investments relating to Water Management, Improving Farm Productivity and Adding Value. It is highly likely to include a renamed Slurry Investment Scheme later in 2022. We are not handling these applications, but please contact us for a recommendation if you are interested in this grant.

Farming Resilience Fund

This will open Sept 2022 to March 2024 and is designed to provide business support to farmers and business managers to understand the changes happening, identify how, what and when they may need to adapt their business models.

Thank you for your continued support, and we look forward to assisting you during 2022 and beyond.