www.fdc.ie

FDC GROUP FARMING Newsletter

SPRING 2017

FDC ACCOUNTANTS TAX CONSULTANTS
Business & Farm Accounts, Management & Financial Accountants, Interim Accounts, Income Tax/ VAT Returns/PAYE/ Payroll, Business Plans/ Financial Planning, Business Consultancy/Project Work, Personal & Company Taxation, Business Start-Up, Banking/Borrowing/ Loan Restructuring, Grants, Agri-Consultancy

FDC FINANCIAL SERVICES
Investment Management, Savings, Deposit Management, Share Trading, EII Investments, Pension Consultancy, Public Sector Pensions, Retirement Planning, Life & Health Protection, Income Protection, Annual Reviews/Advice

FDC TAX DEPARTMENT
Farm Transfers/Personal & Tax Aspects, Wills, Estate Planning, Partnerships, Corporate Structures & Law Issues, Farming Companies, VAT on Property, Capital Gains Tax, Discretionary Trusts, Mediation/Commercial & Family Disputes

FDC & ASSOCIATES
Auditing of all Companies, Accounting, Management Accounts, Book-Keeping/ VAT/PAYE & R.C.T., Payroll Bureau Services, Company Formation & Taxation, Consultancy, Tax Refunds, Property Management Companies, Personal Taxation

GENERAL MANAGER'S INTRODUCTION

While we await the publication of statistical analysis of farm incomes in 2016, it is recognised that performances varied greatly according to sector. Lower product prices affected both the dairy and beef sectors with modest recovery in the pig and sheep sectors. Tillage farmers remain beset by both lower prices and inflated input costs. The redistribution of the Basic Payment Scheme and increase in Direct Payments helped compensate some individual farmers but the outlook for 2017 and beyond remains clouded by ongoing uncertainty on the future trading relationship between Ireland and the UK.

Budget 2017 contained a number of welcome measures. For those farmers who experienced significant income reductions in 2016, they may now elect to 'opt-out' of income averaging for the 2016 tax year and defer tax liabilities over subsequent years. Funding for farm schemes was increased by €100m and will allow for increased participation in GLAS, BDGP and Knowledge Transfer programmes. Modest adjustments were also applied to the income tax and capital taxes regimes.

The successful introduction of the Agri-cashflow loan fund, offering funds at 2.95% should stimulate greater competition in the banking sector. As our domestic banks continue to restructure, the SBCI now has a pivotal role in delivering lower-cost farm finance.

The announcement in recent weeks of the Action Plan for Rural Development is a belated but welcome recognition of the need to re-balance the Irish economic revival on a regional basis. The provision of reliable high-speed broadband in rural Ireland is now essential.

At FDC Group we continue to partner with such industry-leading companies as AgriNet to allow our clients avail of the latest farm management technologies. This edition of the Farming Newsletter contains details of AgriNet's service offering.

In this edition we are delighted to share the insights of eminent agri-journalist and FDC client John Shirley on the prospects for both the dairy and beef sectors. In his articles John has always succeeded in relating the fluctuations of global trade directly to the farm.

One of the hallmarks of the recent recession has been the decline of many of rural towns and villages. Too many of our landmark buildings have been allowed fall into decline and disrepair. The purchase and restoration of the Clock House, Mallow by FDC Group to serve as the FDC Group Mallow Area office reflects our commitment to Mallow and its hinterland. Completed in 1861, the Clock House was constructed under the direction of Sir Charles Denham Jephson –Norreys of Mallow Castle. The architectural style is typically Victorian combination of the aesthetic and the practical. Standing at the end of the main thoroughfare it was for many years a cherished, if neglected, landmark. The careful planning and sympathetic restoration involved in the Clock House project demonstrate that such iconic buildings can have their functionality restored to the highest modern standards.

The acquisition of the J.A. Godfrey & Co. Accountants, Tipperary Town represents a further expansion of our office network. As with the amalgamation with Breen Fleming & Co. of Dundrum, Co. Tipperary, the excellent service previously provided by these practices to clients will continue, now complemented by the full range of additional services provided within FDC Group.

At FDC Group we recognise that such evolution and expansion of our services remains predicated on the fundamental relationship with our individual clients. Thank you for your continued business support.

Jack Murphy – General Manager.

SUCCESSION FARM PARTNERSHIP SCHEME

PAT WILLIAMS, FDC SOUTH EAST

The Succession Farm Partnership Scheme was announced in Budget 2016 and is the final key element of the 2013 Agri-Taxation Review to be implemented. The scheme, which required EU State Aid approval, was officially sanctioned in November 2016 and is due to commence in the first quarter of 2017.

The scheme seeks to promote the earlier inter-generational transfer of family farms. The barriers to earlier farm transfers are multiple and traditionally included the requirement for two generations to derive an income stream from the same farm enterprise. In 2015 the average farm income in Ireland was €26,303, with direct payments accounting for 65% of income. In such circumstances, the requirement for older farmers to retain ownership to ensure their own financial security precluded early transfers. The result is that the age of the average Irish farmer is 57, with 25.3% over 64 and only 6.8% aged under 35. In many cases the full transfer of the farm can constitute too abrupt a change in both farm management and personal finances.

The Succession Farm Partnership Scheme allows for the creation of a structured path to eventual transfer. Eligible persons enter into a partnership and appropriate profit-sharing agreement, making provision for the transfer of the farm to the successor at the end of a specified period, not exceeding ten years. The partnership model also facilitates the gradual transfer of control and facilitates knowledge transfer from one generation to another.

To facilitate such structured transfers, a tax credit of up to a maximum of €5,000 per annum for five years can be allocated to the partnership.

The Succession Farm Partnership scheme will be administered by the Department of Agriculture, Food and Marine (DAFM) Farm Partnership Registration Office and the approval criteria are stringent;

1. The farmer and successor must enter into a formal, DAFM approved, partnership agreement which culminates in the transfer of at least 80% of the farm-trade assets at the end of the term of the partnership.
2. The term of the partnership must be for a minimum of three years and a maximum of ten.
3. A registered farm partnership must have at least two members (being individuals), farm companies are excluded.
4. At least one of the members of the partnership (the farmer) must have been farming for a minimum of two years prior to the establishment of the partnership, farming at least three hectares of usable land.
5. The second member (the successor) is required to hold an appropriate qualification in agriculture or Teagasc certified equivalent qualification.
6. Under the terms of the succession partnership agreement, the successor must have an entitlement to at least 20% of the profits of the partnership and be under 40 years at the end of the partnership.

To secure approval both a business plan and a formal partnership agreement must be submitted to DAFM specifying the farm assets of the partnership on the date that the application is made. The €5,000 tax credit is to be apportioned according to the profit sharing ratio detailed in the partnership agreement. Conditions which will apply to the eventual transfer to the successor must also be included. Typically these will include provision of rights of financial support and maintenance and any rights of residence to be retained after the transfer. Where farm assets are jointly-owned (such as by spouses) the formal consent of all joint-owners must be recorded.

TAX REDUCTION

The availability of an annual €5,000 tax credit for a maximum of five years during the course of the partnership is recognised as the key incentive. The application of the credit can be used to minimise combined tax liabilities for both the current farmer and his/her successor.

A TYPICAL SCENARIO

John, a sixty-year old farmer and his wife Mary farm 150 acres. Their unmarried, qualified, thirty year-old son Liam assists them full-time and resides in his own residence. John and Mary's net taxable income is currently €65,000 after payment of €30,000 wages to Liam. They are considering to transferring the farm to Liam in future years.

The following tax charges currently arise:

John & Mary's Income Tax Liability	€12,230
Liam's PAYE & PRSI Liability	€4,690
Employer's PRSI	€3,225
Total	**€20,145**

In such a scenario the following tax credits are availed of:

John & Mary's Married Tax Credit	€3,300
John & Mary's Earned Income Credit	€1,900
Liam's Individual Tax Credit	€1,650
Liam's PAYE Tax Credit	€1,650

In 2017 a registered Farm Succession Partnership is entered into based on a 2/3 (John & Mary) 1/3 (Liam) profit share agreement. Liam assumes a new role as a formal partner rather than as an employee. The resulting €5,000 Succession Tax Credit (STC) is made available and minimises the overall tax charge significantly:

John & Mary's Income Tax Liability	€11,840
Less Succession Tax Credit (STC)	€3,333
Total	**€8,507**
Liams's Income Tax Liability	€5,782
Less Succession Tax Credit (STC)	€1,667
Total	**€4,115**
Combined Tax Liability	€12,622
Overall Tax Saving (Incl. ER PRSI)	**€7,523**

GRANT MAXIMISATION

Coupled with the tax savings the formal inclusion of a qualifying young trained farmer in a registered partnership allows for enhanced grant aid. Under TAMS II criteria, the investment ceiling available to a registered partnership may be doubled to €160,000. The rate of grant available is 60% on the first €80,000 ceiling and 40% on the second €80,000 ceiling where the partnership contains a partner who qualifies as a young trained farmer.

Access is also afforded to young trained farmer stock relief. In a registered partnership, a young trained farmer can claim the equivalent of share of the increase stock to value of their share of the farm profit at 100% for four years, subject to a maximum of €70,000. For the other member of a registered partnership enhanced stock relief for is available at a rate of 50% and is subject to a maximum of €15,000 over a three year period.

A partnership establishment grant (€2,500 maximum) is available to assist in meeting professional costs. To avail of this grant all invoices for relevant financial advisory, legal and agricultural advisory costs must be submitted.

PENALTIES FOR NON-COMPLIANCE

Where a succession farm partnership is entered into and the Succession Tax Credit is availed of severe penalties arise if the farm assets do not transfer as specified in the Succession Agreement. If, for example, Revenue determine that a parent has refused to comply with the terms of a registered succession agreement they will apply penalties solely on the parent in the form re-assessment of prior year's income. Where the farm assets were not transferred due to mutual agreement between the parties, the succession tax credit may be clawed back from any party who claimed the credit.

CONCLUSION

To decision on when, or indeed if, to transfer the family farm to the next generation is one of the most onerous decisions a farmer must make. The commencement of the Succession Farm Partnership Scheme will undoubtedly facilitate some who are already committed to a coherent succession plan. However, the ramifications of a poorly planned succession are myriad and often irreversible.

The need to minimise not only Income Tax but also Capital Gains Tax, Capital Acquisitions Tax and Stamp Duty must always be carefully balanced with financial and legal safeguards. It is considered likely that many farmers may elect to enter into a Registered Farm Partnership with their successor, rather than a Succession Farm Partnership described above. They may well decide to forego the Income Tax credit available in order to maintain ownership in the longer term.

At FDC we have developed extensive expertise in all areas relating to farm succession and our professional advisers are available to assist our clients in formulating and executing the appropriate succession plan.

PROSPECTS FOR IRISH BEEF AND SHEEP EXPORTS

JOHN SHIRLEY

BEEF

Even in normal times predicting the Irish beef trade can be hazardous. At the start of 2017 with Brexit hurtling down the tracks, crystal ball gazing on Irish beef is even more challenging.

Already even the prospect of Brexit and its devaluation of Sterling, knocked an estimated €140 million off the value of Irish beef exports in the second half of 2016. In the absence of a recovery in Sterling will this mean a €280 million reduction in a full year?

With British domestic beef output expected to fall in 2017, plus 100,000 extra cattle in the Irish pipeline, it is likely that Ireland will continue to place 50% of our beef into Britain this year and next before Brexit actually happens. Whither then for our beef exports?

All will depend on the details in any Brexit agreement. The greatest fear is that post-Brexit Britain will opt to reduce tariffs on beef from places such as South America. Irish Agriculture Minister Michael Creed probably has this threat in mind when he said at a recent Brexit meeting in West Wicklow that part of his Department's strategy would aim towards Britain and the EU having a common shared policy on Third Country imports post-Brexit.

As well as being the largest customer for Irish beef, Britain through its supermarkets, McDonalds etc, has been the highest-priced outlet. This market underscored an Irish farmer beef price just above the EU average last year.

There is talk of new markets in the US, China, North Africa. China and the US have taken disappointingly little Irish beef to date. Countries such Egypt and Libya are keen to source significant volumes of beef and live cattle from Ireland, but Irish exporters note that getting paid from these countries is problematic.

There is real optimism that Turkey will take increased numbers of lighter store cattle from Ireland in 2017. With Australian beef at record high prices and low output there should be openings for Irish beef on the Pacific Rim. However, the long term good of Irish beef will depend increasingly on the close relations of the Irish meat bosses with the British multiples continuing post-Brexit.

For centuries Ireland has supplied Britain with cattle and beef. We excel at traceability and meeting the strict supermarket specifications. Our best hope is that this vital trade will survive Brexit. Apart from the market, Brexit also threatens to interfere with the border crossing in the delivery of our beef to markets. The best case scenario for beef post Brexit is that the downside will be minimised. There is no upside for Irish beef in Brexit.

On the farm, there is no slack in the profit margins that could allow for lower beef prices. Getting money from cattle will depend even more on efficiency and control of costs. This means getting more gain from grass through earlier turnout and paddock grazing. Suckler herd-owners need to rear a calf per cow per year to start justifying the overhead cost of the cow.

Looking around at the more profitable lowland suckler farmers they are finishing their bulls at 16 months out of the shed and their heifers at 20-ish months off grass. Specialist weanling producers have been hit by the decline in the live export demand for Belgian Blues. There is increased demand for Hereford and Angus weanlings... but not at a value to carry the cost of keeping the cow.

The much-vaunted Beef Genomics Scheme has been disappointing in its uptake and the fact that so little of the cash remains with the herd-owner.

Beef finishers constantly complain about the price of store cattle. But surely it can never be argued that the farmer who carries the cow, breeds her, calves her and battles through calf rearing stage, is ever getting too much for their offspring.

The increase in supply of male calves from the growing dairy herd will offer more scope for calf to beef systems. In this the calf price will be critical.

Every Teagasc dairy meeting these days seems to pushing the Jersey cross cow. Yet Teagasc Grange's own trials show the carcase from the Jersey cross steer worth €150 less than even a Holstein with both having consumed the same amount of feed. If the Holstein calf can be bought for €80 the rearer would need to get paid €70 to take on the Jersey cross male calf.

SHEEP

Overall Irish sheep output at €240 million for 2016 is small relative to beef (€2.4 billion) or dairy (€3.6 billion) or even pigmeat (€618 million) but 30,000 farmers keep sheep and remains a truly rural industry. Also there are hopes that Brexit will not bring about a doomsday scenario for the Irish sheep industry although prolonged uncertainty will not help things. There may even be scope for Irish farmers to increase sheep output without undermining the price.

Globally sheepmeat is in short supply. Whilst consumption may be falling among many traditional European consumers, Muslim demand and growing demand in China is underpinning the global trade. Couple this with a drop in output in the world's biggest lamb exporter, New Zealand, and there are grounds for hope.

As with beef, the price of Irish sheepmeat in the second half of 2016 suffered from the weaker sterling and this is set to continue for the foreseeable future. But Ireland's dependence on the French and UK markets is declining all of the time as other EU outlets such as Germany, Sweden and Denmark accounted for 37% of our exports in 2016.

Last year also saw a significant increase in Irish lambs exports to Hong Kong. Irish factory bosses who travelled to China to sell Irish beef found a greater interest in our lamb than in our beef. Currently, China is purchasing such quantities of New Zealand's lamb that New Zealand has not come near to filling its EU sheepmeat quota for a number of years.

Irish farmers tend to shy away from sheep on labour grounds. Fencing is also an issue, especially for tillage farmers who may have planted green cover in their stubbles last autumn.

But in reality there are a lot of grass and tillage farms that could carry a small number of sheep at very little cost. Sheep can use grass at the back end when land is too soft for cattle. Sheep and cattle complement each other in grazing. This past Autumn I kept my own ewes on stubble ground that otherwise would have been idle, and so on.

I sometimes wonder how the tillage farmer fills the time during winter months!

Weak Sterling continues to impact on the Irish factory sheepmeat price but Bord Bia reckons that there is no big carryover of hoggets that could undermine the Spring trade.

In recent years religious Festivals such as Easter and Ramadan have driven the demand for lamb. In 2017 Easter is latish on Sunday 16 whilst Ramadan starts 11 days earlier than last year on May 16 and ends on June 14. Traditionally the end of Ramadan sees peak demand for lamb.

Hopefully farmers can look forward to a higher spring lamb price in 2017 lasting longer than normal into the summer.

John Shirley was Beef and Sheep Editor and subsequently Deputy Editor of the Irish Farmers Journal up to 2005. From 2005 to 2010 he served as Beef Programme Manager with the National Cattle Breeding Centre. John farms a mixed sheep, beef and tillage farm in Co. Carlow.

'CASHMINDER' CASH FLOW MANAGEMENT

BARRY LYNCH AGRINET

FDC are launching a new service using Cashminder developed by AgriNet to implement new ways for FDC to help farmers manage their finances.

Cashminder is a web based cash flow management system that is available at www.cashminder.ie. Cashminder has been developed by AgriNet (www.agrinet.ie)

AgriNet have been providing herd, financial and grassland management software to farmers since 1994. The AgriNet herd software handles all the legislative requirements such as calf registration and farm inspections. The web based AgriNet grass management system at www.agrinet.ie has been very popular in Ireland and abroad. A starting point for profit on all Irish grass based farms is grass production. As part of AgriNet's continued efforts to drive efficiencies in grassland management, AgriNet recently started on a project to merge the AgriNet grass database into the Teagasc PastureBase Ireland database. This new system will become the national grass database that will be used by Teagasc, Moorepark to identify better grass indices and help improve grassland management practices.

A large focus for AgriNet is profit-based farming. The focus on financials has always been important, what can be done at farm level to maximise profit? The connectivity offered by the grassland management software, connecting the farmer and the advisor over the web, has resulted in big gains in the area of grassland management. AgriNet realised that the same benefit could be achieved in the area of financials, by connecting the farmer and their accountant/farm advisor via the web. This provides the optimal platform for making timely and accurate management decisions.

FDC Group and AgriNet at the recent launch of the Cashminder service for FDC Group clients.

Dairy farmer Denis Finnegan, has been using Cashminder for the past 12 months and can now say that "20 minutes a month keeps my accounts up to date".

Many of our clients have used a PC-based accounts system from AgriNet for many years. This system is being used very well by many farmers. However, time on farms is limited and Cashminder was created to achieve the following:

1. A secure web based system to allow quick access by accountants and advisers.
2. A system that uses electronic data from banks and co-ops as much as possible.
3. A system to have a big focus on cash flow.
4. Speed and simplicity is a core focus.
5. Prepare data for Teagasc Profit Monitor.
6. Prepare data for the farm accountant.
7. Create simple cash flow budgets and encourage more farmers to budget quickly.
8. Allow an FDC staff member to login quickly and help with the work.
9. Reduce the time required by the farmer as much as possible.
10. Make cash flow and cash flow budget information as useful as possible.

For FDC farmer clients, all data entered into Cashminder transfers electronically into the FDC backend tax computation system. This makes Cashminder an excellent tool for communication with their FDC accountant and it gives FDC and their farmer clients, an extra tool to help make better decisions on financial data.

Eileen Finnegan, project manager with Cashminder, is delighted to see FDC getting involved with Cashminder in such a significant way. From working with many farmers on Cashminder, Eileen can see that, once up and running, 10 to 20 minutes a month should be enough to import bank and co-op data and update the cash flow budget. However, the perfect combination is to have FDC staff members getting involved, doing some of the work and making use of the data in a timely manner.

If you would like to receive further information on Cashminder and the benefits it can bring to your farm enterprise, please contact your local FDC office.

REGISTERED FARM PARTNERSHIPS

LIAM HENNESSY, FDC KANTURK

Since the introduction of the framework for a registered farm partnership in 2015 there has been a significant uptake in the amount of holdings entering into these arrangements. These partnerships are being encouraged by the Department of Agriculture for two main reasons. Firstly, in the case of a family enterprise the farmers are being incentivised to include the incumbent young farmer to have an active role within the farm system and to be included in decision making within the business. Secondly, it encourages individual farmers to collaborate with one another and merge systems to increase efficiencies.

Partnerships are becoming increasingly popular particularly due to the criteria under the new TAMS or Targeted Agricultural Modernisation Scheme. Under the TAMS two farmers farming together under a registered farm partnership will be able to avail of a 'double grant'. This means they will be able to increase their expenditure by up to €160,000 and receive a grant of up to 50% on the total amount provided a young farmer is part of the partnership.

To be eligible to enter into a valid registered farm partnership it must consist of at least two people, one person from category 1 and one or more persons from categories 1 or 2

A category 1 farmer is a person who has been engaged

in the trade of farming on farmland owned or leased by the person, consisting of at least 3 hectares of useable farmland, for at least 2 years immediately preceding the date of formation of the partnership.

A category 2 farmer is a natural person with an appropriate agriculture qualification whose contribution to the farm partnership entitles him/her to at least 20% of the profit-sharing arrangement: and who works in the farm partnership for at least 10 hours per week.

A registered farm partnership has an operating period of minimum 5 years and at that point the partnership can be renewed or expire. When setting up a partnership you need a minimum of two farmers and a maximum of ten with no individual holding being in excess of 75 kilometres away from another. Every member of the partnership must bring the entirety of their farming enterprise to the partnership. Each year the partnership must then submit a set of partnership return to the revenue commission.

There are many benefits of joining a registered farm partnership. When two farmers merge their holdings efficiencies and economies of scale can be reached. Where one holding might not be viable into the future the pooling of resources and land might produce a profitable farm enterprises. Furthermore, by combining farm systems such as tillage and beef or beef and dairy, farmers may be able to achieve profitability that would not be achievable individually on the marketplace. For example a beef and tillage farmer could set up a partnership and use the tillage farmer's barley and straw to fatten and rear dry stock.

In addition by entering into a partnership farmers can achieve a better work/life balance. By sharing the burden of responsibility individual farmers can reduce the stress associated with working as a sole trader.

Another significant advantage of registered farm partnership is the encouragement of land mobility. When a farmer joins a registered farm partnership they are seen to be actively farming in the eyes of the Department of Agriculture. Previously farmers who were renting out the entirety of their land and entitlements lost their entitlements under the 2015 CAP review. If a farmer enters a registered farm partnership they are seen to be actively farming and entitled to draw their own BPS, ANC and even receive a double GLAS payment through the partnership. Both parties a guaranteed their own entitlements back at the end or cessation of the partnership.

Similarly, all young farmers who availed of the National Reserve in 2015 as new entrants are eligible to join a registered farm partnership provided they have been awarded their agricultural qualification.

Furthermore, by entering into a partnership you essentially halve the amount of Department of Agriculture paperwork required on an annual basis. While both herd numbers will enter the partnership there will only be one active herd register. Similarly, there will be one Basic Payment application made annually with both herd numbers associated.

Currently, as a means to encourage the formation of registered farm partnerships the department of agriculture are providing a collaborative farming grant which will provide grant aid of up to 50% of the cost of setting up the registered farm partnership subject to certain conditions.

DIVERSIFICATION WITHIN THE AGRI STOCK SECTOR

JENNIFER DENNEHY, FDC FINANCIAL SERVICES LTD.

FDC Financial Services Ltd recently held a series of seminars around the country in conjunction with our colleagues from FDC Tax Department. The main theme of the seminars was diversification within the agricultural share sector, where we launched the FDC iShares Agri Bond.

While Irish food stocks have seen strong growth over the past five years, with significant capital appreciation across most stocks, returns over the latter half of 2016 have been disappointing. The Irish agribusiness sector is facing a challenging time. Negotiations for the UK to leave the European Union will take years and the true impact of this change remains unclear. 41% of the Irish agri-food output was exported to the UK in 2015, so it is fair to say that the sector is facing a prolonged period of uncertainty.

While investment markets can tolerate many things, they do not cope well with uncertainty. With that in mind, now may be an opportune time to consider diversifying your agribusiness holdings beyond Ireland.

The Bond includes the top 70 stocks from the S&P Commodity Producers Agri-Business Index, with familiar names like John Deere and Monsanto among them.

Some of the main benefits of owning an Agri-Bond include the following:

- Stock specific diversification from the risks of owning individual shares.
- Wider geographic and sectoral distribution
- Own the top Agri-businesses in the world
- Liquid: daily priced, constantly traded- also underlying liquidity
- Cost Effective: 0.55% OCF to access the fund (before Admin or FDC charge)

At times of uncertainty you need an expert who you can rely on. Someone who knows the market, knows your investments and, most importantly, knows you. FDC Group has been providing a dedicated financial planning service for the agri-food stock holder in Ireland for over 40 years.

Just as it is important to rotate crops to protect and get the best out of the soil, it is important to manage your investments to protect against downturns and secure the best return. Diversification is an important part of this. By making sure your portfolio has a mix of investments, you lessen the chances of everything gaining or losing value at the same time.

The FDC Agri-Bond seeks to give investors the opportunity to diversify into a wider range of Agri-shares and to help investors diversify across sectors and countries, investing in a range of established global brands.

ASSETS

The FDC Agribusiness ETF is invested in some of the biggest and best known agricultural brands around the world. Here are the details of the holdings as at 31 October 2016. These are subject to change so just ask us for the most up-to-date details.

TOP TEN HOLDINGS

MONSANTO (MATERIALS)	11.83%
SYGENTA AG (MATERIALS)	9.99%
DEERE & CO (INDUSTRIALS)	6.85%
ARCHER DANIELS MIDLAND (CONSUMER STAPLES)	6.79%
TYSON FOODS INC CLASS A (CONSUMER STAPLES)	5.65%
KUBOTA CORP (INDUSTRIALS)	5.11%
POTASH CORPORATION OF SASKATCHEWAN (MATERIALS)	3.66%
AGRIUM INC. (MATERIALS)	3.40%
ASSOCIATED BRITISH FOODS PLC (CONSUMER STAPLES)	2.87%
BRF SA ADR (CONSUMER STAPLES)	2.72%

TOP TEN COUNTRIES

UNITED STATES	46.85%
SWITZERLAND	11.05%
JAPAN	10.35%
CANADA	7.86%
NORWAY	4.64%
UNITED KINGDOM	4.06%
SINGAPORE	3.04%
BRAZIL	2.72%
ITALY	2.07%
GERMANY	1.51%

FINANCE ACT 2016

MARGUERITE CREMIN, FDC & ASSOCIATES

The passing of the Finance Act 2016 by the Oireachtas gives effect to the measures announced in Budget 2017. This article seeks to highlight the key provisions as they effect the farming sector.

INCOME AVERAGING 'STEP OUT'

The Act introduces a provision to allow a farmer to elect to 'step out' of income averaging for one year. If a farmer is facing an exceptionally poor year they may elect to pay tax on the actual profits of that year, with any deferred liability payable over the next four years. The election is available for the 2016 tax year. The election must be made in the relevant year's tax return and can only be made every five years.

FLAT-RATE VAT ADDITION

The flat-rate VAT addition available to non-VAT registered farmers increases from 5.2% to 5.4% from 1 January 2017. The Act provides the Minister for Finance with powers to remove the flat-rate addition from an agricultural sector should the flat-rate addition exceed the non-recoverable VAT incurred by unregistered farmers in that sector.

ACCELERATED CAPITAL ALLOWANCES FOR ENERGY EFFICIENT EQUIPMENT

Under the regime, the full cost of acquiring qualifying energy-efficient can be written off against tax in the year of purchase. Previously the regime was available only to companies. Finance Act 2016 extends the regime to sole-traders. Lessors of equipment remain excluded. Claims can only be made in respect of approved equipment as contained in 'the specified list' maintained by the Sustainable Energy Authority of Ireland.

FARM RESTRUCTURING RELIEF

Introduced in Budget 2013, Farm Restructuring Relief from Capital Gains Tax applies where the proceeds of the sale of farm land are reinvested in other farm land and a number of conditions are met resulting in the overall reduction in distances between parcels farmed. To qualify, the sale and purchase must occur within two years and qualification for the relief is certified by Teasgasc. Finance Act 2016 extended the relief to 31 December 2019.

RAISED BOGS

Compensation payments received on or after 1 October 2016 under the raised bog restoration incentive scheme are exempted from Capital Gains Tax. Amounts received for certain associated land sales are also exempted.

INCOME TAX CREDITS

The Earned Income Tax Credit for self-employed is increased from €550 to €950.

REVISED SELF-EMPLOYED USC BANDS

The Act confirmed a 0.5% reduction in the rate of USC for low to middle earners.

USC Bands	Rate
€0 - €12,012	0.5%
€12,013 - €18,722	2.5%
€18,773 - €70,044	5%
€70,045 and above	8%
€100,000 and above	11%

CAPITAL ACQUISITIONS TAX

An increase in the main exempt CAT threshold from €280,000 to €310,000 effective from 12 October 2016 with proportionate increases in the other thresholds.

Group	Relationship	Threshold
A	Parent to child	€310,000
B	Other family transfers	€32,500
C	non-family	€16,250

HOME CARER CREDIT

The Act includes a provision to increase the Home Carer Credit to €1,100 per annum for 2017. The full tax credit is available where the carer's income is €7,200 or less. A reduced tax credit will apply for incomes up to €9,200.

DEPOSIT INTEREST RETENTION TAX

DIRT is to be reduced by 2% annually between 2017 and 2020 reducing from the 2016 rate of 41% to 33% by 2020. The DIRT rate for 2017 will be 39%.

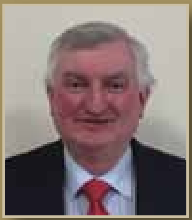
To review how these changes may influence your farm enterprise please avail of professional advice available throughout the FDC branch network.

APPOINTMENTS

Joe Smyth joined FDC Financial Services Ltd in September 2016. He is based in the Midland Region. Joe has worked in many sectors of financial services ranging from financial brokerages, bank assurance and a broker consultant over the past 20 years. He holds an Honours Degree in Financial Planning from UCD. He brings a wealth of experience in dealing with all sectors of corporate and retail clients in the area of financial planning.

Ian Smith joined FDC Financial Services Ltd in January from Bank of Ireland Life. He worked for six years as an Area Pensions manager, and five years as a Premier Wealth Manager. He has recently successfully completed a Certificate in Wealth Management from The Institute of Bankers/UCD. He also holds a certificate in Sales Management from the Institute of Sales and Marketing. Prior to his employment with Bank of Ireland he worked with Zurich Life as business development manager for five years, and before joining Zurich he worked for Irish Nationwide and Permanent TSB as a Financial Consultant, bringing over 20 years of experience in Wealth Management.

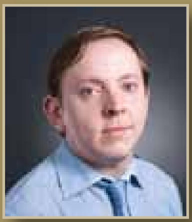
Denis Brennan joined FDC Financial Services Ltd in September 2016. Denis has a Bachelor's of Business Studies degree from DIT, he is a Qualified Financial Adviser (QFA), Retirement Planning Adviser (RPA) and holds a Pension Diploma. Denis has 15 years plus experience in the industry and has spent time working with two of the largest insurances companies in the Irish market, Standard Life and New Ireland Assurance.



Tony O'Brien joined FDC Financial Services Ltd, Midleton Office as a Financial Consultant in December 2016. Tony has obtained a wide range of experience in advising clients on their financial requirements, having previously worked with FBD Financial Solutions as a Financial Advisor for 24 years.

Dylan Leahy has been appointed System Administrator/IT Support Engineer at FDC. Dylan holds a BSc in Computer Science from University College Cork. Prior to accepting a full time position with FDC, Dylan completed his degree's work placement program with the company. Originally joining the company in March of 2015, Dylan returned to work in October of 2016 once his degree was complete.

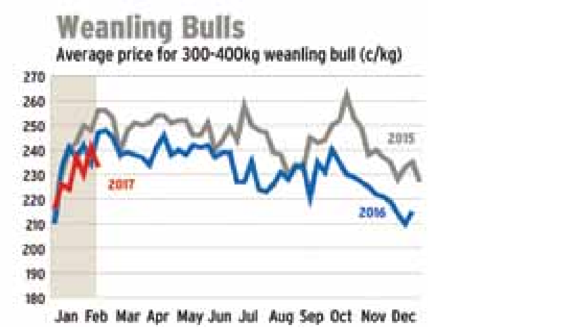
Ian Devoy is a graduate of the University of West England where he obtained an Honours Degree in Law. Ian is a native of Kilkenny and has extensive experience in business management and operations. He is currently continuing his professional development through his studies to become a Chartered Tax Adviser with the Irish Taxation Institute. Ian specialises in the area of Capital Taxes as they apply to agricultural lands acquired by gift or inheritance.

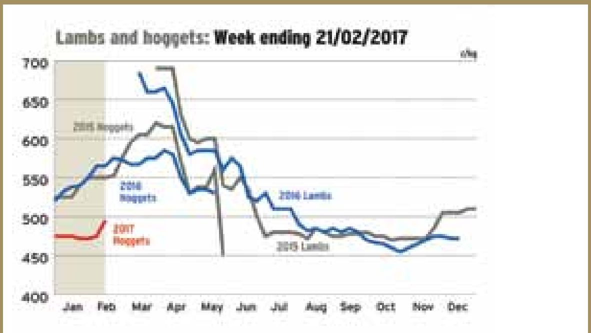


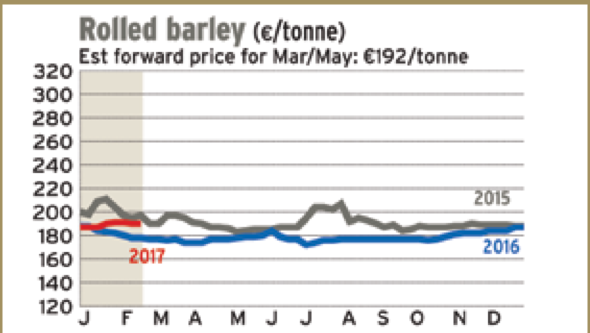
Niall Cosgrove been appointed the role of Systems Administrator/Technical Support Specialist. Niall completed his B. A. degree in humanities which led him into the field of Data Analysis, and positions at multinationals such as VMware and S3 Group. Since entering the tech industry, he has achieved numerous IT certificates. These include CompTIA A+, VMware VCP and Microsoft Certified Systems Analyst. Niall brings to FDC Group the extensive experience and professionalism developed throughout his career.

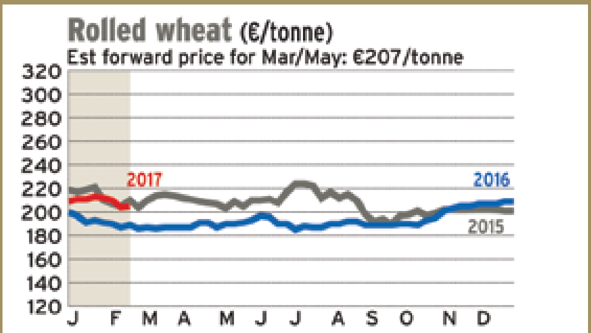
KEY AGRICULTURAL COMMODITY GRAPHS

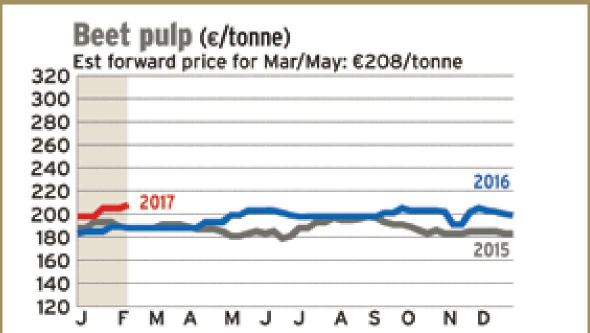
Reproduced with kind permission of the Irish Farmers Journal











FDC ACCOUNTANTS/TAX CONSULTANTS (SOUTHERN REGION) LTD.

We now wish to recruit:

Role(s): Graduate Trainee Accountant (Kilmallock):

Responsibilities:

- Assist with accounts preparation & tax returns
- Assist with tax research and tax planning projects management accounting
- Assist with preparation of cash flow projections, economic forecasts, corporate finance duties and
- Deliver client assignments in a timely and professional manner
- Perform any additional responsibilities that may be required by management in support of the ongoing development of the department.

Requirements:

- Expectant Honours Primary Degree (2.1) flexible on background and be interested in pursuing a career in Accountancy.
- Additionally, Graduates must have:
- Strong analytical skills and a high level of attention to detail• Excellent communication & interpersonal skills
- Highly motivated, enthusiastic, confident and self-starting individual
- Flexible & well organised
- Strong organisational skills
- Natural team player, comfortable working closely in a team environment
- Commitment to obtaining a professional qualification

During your placement with us, you'll get both technical training and personal development opportunities.

Application Method: Email cv and cover letter to southernrecruitment@fdc.ie

Closing Date: Closing date for receipt of applications is Friday 31st March 2017

Role(s): Trainee/Part-Qualified Accountant (Kilmallock)

We now wish to recruit:

A. TRAINEE ACCOUNTANT

- Applicants must:
- Hold an Honours Primary Degree and be interested in pursuing a career in Accountancy.

B. PART – QUALIFIED ACCOUNTANT

- Applicants must have:
- Appropriate third-level qualification together with progression within an Accountancy Body.
- Experience in a compliance accounting practice.
- Commitment to establishing a medium-term career with a progressive accounting firm.
- Excellent organisational communication and interpersonal skills.
- Ability to work to tight deadlines.

FDC offers excellent remuneration packages and career prospects to successful applicants. The above positions are available in our Kilmallock office.

CV's in the first instance should be sent to:
Suzanne Dennehy, FDC Accountants Southern Region Ltd, FDC House, Wellington Road, Cork.
Email: southernrecruitment@fdc.ie
Closing date for receipt of applications is Friday 31st March 2017

FDC ACCOUNTANTS/TAX CONSULTANTS (SOUTHWESTERN REGION) LTD.

Role(s): Trainee/Part-Qualified Accountant (Bandon & Skibbereen)

Location Bandon & Skibbereen

We now wish to recruit:

A. TRAINEE ACCOUNTANT

- Applicants must:
- Hold an Honours Primary Degree and be interested in pursuing a career in Accountancy.

B. PART – QUALIFIED ACCOUNTANT

- Applicants must have:
- Appropriate third-level qualification together with progression within an Accountancy Body.
- Experience in a compliance accounting practice.
- Commitment to establishing a medium-term career with a progressive accounting firm.
- Excellent organisational communication and interpersonal skills.
- Ability to work to tight deadlines.

FDC offers excellent remuneration packages and career prospects to successful applicants. The above positions are available in our Bandon & Skibbereen offices.

CV's in the first instance should be sent to: HR Manager,

FDC Accountants Southwestern Region Ltd, FDC House, 4 Patricks Quay, Bandon, Co. Cork
Email: bandon@fdc.ie
Closing date for receipt of applications is Friday 31st March 2017

Graduate Trainee Financial Consultants
FDC Financial Services Ltd now have opportunities nationwide for individuals to join our team and progress through the training programme to become a Financial Consultant.
This is a 24 month contract with possibilities following completion for permanent Financial Consultant roles.
The successful candidates will help in the provision of financial planning advice to a broad range of clients.
The role will involve helping consultants manage client relationships by providing administration support, research and development and assisting with client inquiries.

Essential Requirements

- Candidate must have a relevant 3rd Level qualification completed
- Partly or fully QFA a huge advantage.
- Self-starter, highly competitive with a passion to succeed in the career
- The ability to listen and to build strong personal relationships
- Self-confident and receptive to coaching with a high standard of personal integrity.
- Hard working, goal oriented, and the ability to persevere.
- Excellent computer and communication skills
- Own transport required

Please send cover letter together with CV to karentomlinson@fdc.ie

FDC TAX DEPARTMENT LTD
Tax Consultants and/or Solicitors

Midlands and Southeast
FDC Tax Department is looking for applicants for the role of Senior and Junior or Trainee Tax Consultant for a number of its regionally based offices. There is a vacancy for such roles in our offices of the Midlands and Southeast. The successful applicants will be based either in our Kilkenny Office servicing the Kilkenny/Carlow/Tullow region or in our Dungarvan Office servicing the Dungarvan/Waterford/New Ross region.

Senior Tax Consultants
The suitable candidate must be a Chartered Tax Adviser with a number of years' experience working in practice as a Tax Consultant in private or public industry.

Junior/Trainee Tax Consultants
The suitable candidate should have an honours primary degree from a third level institution in the field of Commerce, Business, Accountancy, Law or any other comparable qualification.

Cork

Junior/Trainee Tax Consultants
The suitable candidate should have an honours primary degree from a third level institution in the field of Commerce, Business, Accountancy, Law or any other comparable qualification.

Particular interest will be given to solicitors or other professionals with experience of interpreting legislation who are looking to pursue a career in tax consultancy.

Salary, etc. will be commensurate with the persons experience and ability. References will be required.

CV's in the first instance should be sent to:
Mary Higgins, FDC Tax Department Ltd, FDC House, Wellington Road, Cork. Email: taxplanning@fdc.ie

FDC GROUP

Head Office:

FDC House, Wellington Road, Cork.
Tel: 021-4509022
Email: info@fdc.ie
www.fdc.ie

Cork

Bandon Office:
4/5/6 Patrick's Quay,
Bandon, Co. Cork.
Tel: 023-8841744
Email: bandon@fdc.ie

Skibbereen Office:
9 North Street,
Skibbereen, Co. Cork.
Tel: 028-21818
Email: skibbereen@fdc.ie

Bantry Office:
Newtown, Bantry, Co. Cork.
Tel: 027-52323
Email: bantry@fdc.ie

Mallow Office:
The Clock House,
Mallow, Co. Cork
Tel: 022 22724
Email: mallow@fdc.ie

Kanturk Office:
Percival Street,
Kanturk, Co. Cork.
Tel: 029-50292
Email: kanturk@fdc.ie

Fermoy Office:
75 McCurtain Street,
Fermoy, Co. Cork.
Tel: 025-51888
Email: fermoy@fdc.ie

Millstreet Office:
Main Street,
Millstreet, Co. Cork.
Tel: 029-71082
Email: millstreet@fdc.ie

Midleton Office:
Kilrock House,
Midleton, Co. Cork
Tel: 021-4633772
Email: midleton@fdc.ie

Kerry

Listowel Office:
26 Church Street,
Listowel, Co. Kerry.
Tel: 068-24740
Email: listowel@fdc.ie

Tralee Office:
21 Denny Street,
Tralee, Co. Kerry.
Tel: 066-7193370
Email: tralee@fdc.ie

Kilkenny

4 William Street, Kilkenny.
Tel: 056-7722647
Email: kilkenny@fdc.ie

Limerick/Clare

Newcastlewest Office:
St. Ita's Road, Newcastlewest,
Co. Limerick.
Tel: 069-62688
Email: ncw@fdc.ie

O'Connell St. Office:
75 O'Connell Street, Limerick.
Tel: 061-404644
Email: limerick@fdc.ie

Kilmallock Office:
Lord Edward Street,
Kilmallock, Co. Limerick.
Tel: 063-98588
Email: kilmallock@fdc.ie

Abbeyfeale Office:
Church Street, Abbeyfeale, Co.
Limerick.
Tel: 068-30416
Email: abbeyfeale@fdc.ie

Foynes Office:
Corgigg, Foynes,
Co. Limerick.
Tel: 069-65326
Email: foynes@fdc.ie

Ennis Office:
8 Carmody St Business Park,
Ennis, Co. Clare.
Tel: 065-6828992
Email: ennis@fdc.ie

Waterford

Main St., Dungarvan Office:
23/35 Lower Main Street,
Dungarvan, Co. Waterford.
Tel: 058-41893
Email: dungarvan@fdc.ie

**Church St.,
Dungarvan Office:**
4 Church Street,
Dungarvan,
Co. Waterford
Tel: 058-45001
Email: fdcdungarvan@fdc.ie

Lismore Office:
4 Main Street,
Lismore, Co. Waterford.
Tel: 058-72800
Email: lismore@fdc.ie

Waterford City:
2nd Floor, 108 The Quay,
Waterford.
Tel: 051-872327
Email: fswaterford@fdc.ie

Tipperary

Tipperary Town Office:
4 Davis Street,
Tipperary Town,
Co. Tipperary
Tel: 062 51900
email: tipperary@fdc.ie

Cahir Office:
Church Street, Cahir,
Co. Tipperary.
Tel: 052-7441266
Email: cahir@fdc.ie

Roscrea Office:
Ballyhall, Roscrea,
Co. Tipperary.
Tel: 0505-21944
Email: roscrea@fdc.ie

Cashel Office:
Lower Gate Street,
Cashel, Co. Tipperary.
Tel: 062-61947
Email: cashel@fdc.ie

Carrick-on-Suir Office:
5 Castle Street,
Carrick-on-Suir, Co. Tipperary
Tel: 051-640074
Email: carrickonsuir@fdc.ie

Carlow

Graiguecullen Office:
Church Road, Graiguecullen,
Co. Carlow.
Tel: 059-9142474
Email: carlow@fdc.ie

Tullow Office:
The Square,
Tullow, Co. Carlow.
Tel: 059-9151685
Email: tullow@fdc.ie

Wexford

New Ross Office:
Woodbine Business Park,
New Ross, Co. Wexford.
Tel: 051-421115
Email: newross@fdc.ie

www.fdc.ie