

UK Dairy Day Seminar

Passing on the Baton on Tenanted Dairy Farms

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Succession tenancies are precious things

Take nothing for granted

Preparation is essential

**Look at the advice as an investment
for the future**

**Succession tenancies introduced by the Agriculture
(Miscellaneous Provisions) Act 1976**

**No new Succession tenancies after
12 July 1984 (except by contract)**

The limit is two successions

**A number of other exclusions –
County Councils (etc)**





When can Succession take place?

Death of the previous tenant

**Retirement of the previous tenant
at 65**

**Retirement of the previous
tenant through ill health**

The Statutory Tests

Close Relative

Livelihood

Occupation

Suitability



The Role of the Tribunal

Issues For Farm Business Tenants

No Succession or Right of Renewal

Notices to Quit

Break Clauses

Negotiation

Possibility of Joint Tenancies

TFA Campaign for longer FBTs



fbt10+ Too Short
For
Too Long



tfa Tenant
Farmers
Association

Issues For Mixed Tenancy Types

Only AHA has Succession

Security v Scale

Negotiate a long term FBT



Options When You Can't Succeed

Surrender and Re-grant

Option of a Long Term FBT

Tenancy Surrender

Potential for Part/Whole Purchase

Business v Tenancy Change





Passing on the Baton
Accountancy and tax aspects

Passing on the baton

- Succession planning is vital
 - Do you talk in your business?
- Does everyone know their financial position?
 - Who owns what?
 - Can we afford to retire?
 - How do we do it?
- When is the right time?
- How do we protect assets?

Tax considerations

- Business transfer
- Tenancy surrender
- Business cessation

Other aspects

- Business structure

- Is yours fit for purpose?
- Is it tax efficient?
- Does it accommodate the succession plan?

- Finance

- What role do the bank need to play?
- What are the cash requirements going forwards?



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