

Young Farmers' Payment 2015



Department of
**Agriculture and
Rural Development**

www.dardni.gov.uk

AN ROINN

**Talmhaíochta agus
Forbartha Tuaithe**

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**INVESTORS
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Introduction

From 01 January 2015, the Single Farm Payment Scheme has been replaced by the Basic Payment Scheme (BPS), a Greening Payment and a Young Farmers' Payment. The Young Farmers' Payment is a top-up to the Basic Payment Scheme.

DARD is allocating 2% (the maximum possible) of its regional ceiling to the Young Farmers' Payment in 2015. Over the period 2015-2019, this equates to approximately €32.6m for young farmers, or €6.52m per year. The level of top-up will be based on 25% of the total direct payments regional average per hectare. The top-up payment will be limited to 90 hectares and the rate per hectare will if necessary be scaled back to respect the regional ceiling. The rate can vary between years depending on the number of Young Farmers claiming the Payment.

This guide will provide you with information on the Young Farmers' Payment and outlines the eligibility criteria which must be met in order to qualify for the Payment. You will also find information on how to make an application for the Payment. The key dates for the 2015 application are:

Submission of an application for Young Farmers' Payment

Opening date: mid March 2015
Closing date: 15 May 2015

Submission of evidence for Young Farmers' Payment (Registration Process)

Opening date: mid March 2015
Closing date: 15 May 2015

Contacting CAFRE regarding the eligibility of qualifications

Closing date: 30 April 2015

There is a linkage between the Young Farmers' Payment and the Regional Reserve so you are advised to read the guidance on the Regional Reserve as well.

Eligibility Criteria

The Young Farmers' Payment will provide an annual top-up to the Basic Payment Scheme for those farmers who meet the eligibility criteria. The CAP Regulations define "young farmers" as natural persons who are setting up for the first time an agricultural holding as head of the holding, or who have already set up such a holding during the five years preceding the first submission of an application under the Basic Payment Scheme and who are no more than 40 years of age in the year in the year of submission of their first application for the Basic Payment Scheme. Legal persons may be granted access to the scheme if they meet similar conditions.

To be eligible for the Young Farmers' Payment, you must meet all of the following conditions:

- You must have established and activated payment **entitlements** under the Basic Payment Scheme;
- You are setting up an agricultural holding for the first time as **Head of Holding** or have set up such a holding during the five years preceding the first submission of your application to the Basic Payment Scheme;
- You must be no more than **40 years of age** in the year of your first application for the Basic Payment Scheme;
- You hold at least a **Level II qualification** in agriculture (or a related subject containing at least a farm business management module).

Entitlements

You must apply for and activate entitlements under the Basic Payment Scheme to be eligible for the Young Farmers' Payment. **If you do not otherwise qualify for Basic Payment Scheme entitlements, and you wish to apply for the Young Farmers' Payment, you must apply to the Regional Reserve for an allocation.** Those who apply for an allocation of entitlements via the young farmers' provisions in the Regional Reserve will be assessed on the relevant criteria. Please refer to the Regional Reserve Guidance on the DARD website for full details.

Age

You must be no more than 40 years of age during the year of your first submission to the Basic Payment Scheme. This applies for the entire scheme year in which you make your application. This means that for applications in 2015 you must be born on or after 1 January 1975. For example, if you make your first application to the Basic Payment Scheme on 15 May 2015, and

you turn 41 in October 2015, you will not be eligible to be considered as a Young Farmer and will therefore be excluded from entitlement to the Young Farmers' Payment.

Head of Holding

You must be setting up for the first time an agricultural holding as head of that holding, or have already done so during the five years preceding the year of first submission of your application to the Basic Payment Scheme. Being head of holding means that you must be exercising effective and long-term control over the business in terms of decisions related to management, benefits and financial risks. It would be advisable to discuss the financial and legal implications of any change to your business with your accountant and/or solicitor.

If you are the sole owner of the business, the position is clear in that the only member of the business will be the head of the holding. However you will still need to provide most of the same evidence as that required for a partnership to prove the authenticity of the business.

Young farmers may decide to undertake their farming activities as part of a group or with other family members, for example, father and son partnerships or where the young farmer was a member of an existing business and subsequently becomes head of holding.

The young farmer (or combination of young farmers) must exercise effective and long term control over the business in terms of decisions related to management, benefits and financial risks. A share of profits greater than 50% would normally indicate head of holding status.

50:50 partnerships between a young farmer and a person(s) who is/are not a young farmer will only be acceptable if it is clear that the young farmer can make such decisions without veto from the other partner(s). Alternatively, where 50:50 partnerships currently do not meet this requirement, it is possible for the partners to agree to modify the partnership to increase the share of the young farmer above 50% or to include a provision stating that the young farmer has long term control over the business in terms of decisions related to management, benefits and financial risks and can make decisions without veto by the other partner(s). The young farmer will be regarded as head of holding for the purposes of the Young Farmers' Payment from the date at which the partnership complies with the requirements.

Where there are several young farmers and other persons involved in the business, then it must be clear that young farmers can control the business.

Example

	Business Share or share of profits
Farmer A	25%
Farmer B	30%
Farmer C	20%
Farmer D	25%

Farmers A and B are young farmers. Farmers C and D are not young farmers. This business could be eligible for the Young Farmers' Payment if for example the partnership agreement

contained a provision that Farmers A and B will vote together and hence they would control the business. Where more than one young farmer is involved in a business, only the young farmer(s) controlling the business would need to have the educational qualification. In the example above both Farmers A and B would need to have the education qualification as neither of them can control the business on their own. If two young farmers were involved in a 50:50 partnership, but neither on their own control the business, then both would require the qualification.

A young farmer in an existing business who takes over that business and is therefore head of holding of a business for the first time may be eligible for the Young Farmers' Payment provided all the other requirements of the scheme are met.

The Young Farmers' Payment will stop when you cease to exercise effective and long term control over the group in terms of decisions related to management, benefits and financial risks.

Educational Qualification

A further eligibility requirement for those applying for the Young Farmers' Payment is that you must hold at the time of application at least a Level II qualification in Agriculture (or a related subject containing at least a farm business management module).

The College of Agriculture, Food and Rural Enterprise (CAFRE) has compiled a list of eligible qualifications which can be found at: www.cafre.ac.uk/industry-support/level-2-agricultural-qualification-list. You can access this list to check whether the qualification already held by you will be accepted by DARD for the purposes of the Young Farmers' Payment. The list of eligible qualifications is not exhaustive and if you hold a qualification which is not listed, details on how to check the eligibility of your qualification can also be found on the CAFRE website. Alternatively, you can contact CAFRE directly by emailing: developmentsservice.admin@dardni.gov.uk or by telephoning: 028 94 426770.

Equivalent or higher level agriculture qualifications are, of course acceptable for the purposes of the Young Farmers' Payment. If you are in any doubt about whether your equivalent or higher qualification meets the requirements of the Young Farmers' Payment, you should contact CAFRE to confirm that it meets the eligibility conditions.

If you do not hold the minimum required Agricultural qualification (as stipulated above), you will be excluded from the Young Farmers' Payment in the 2015 claim year and the earliest you could apply would be in 2016 providing you have acquired the necessary qualification by then and continue to meet the age and head of holding requirements. This will not exclude you from applying for the Basic Payment Scheme entitlements and Greening Payment in 2015. However you would not be entitled to receive entitlements from the Regional Reserve in 2015.

Supporting Documentation

As part of the application process for the Young Farmers' Payment, you will need to provide the following evidence to show that you meet the eligibility criteria. Failure to provide any of the following documentation by the application deadline may result in your application being rejected.

The closing date for applications is 15 May 2015. Applications received after 15 May 2015 but on or before 9 June 2015 will be accepted but may be subject to a late claim penalty. Applications received after 9 June 2015 will be rejected. As the documentation listed below is an integral part of the application, the application will not be considered as being received until all the documentation has been provided. You should retain all of the original documentation you submit in support of your application.

The Department may subsequently seek further clarification on the evidence which has been provided within the deadline. However, if for example you provide no evidence on the Head of Holding requirement, then your application will be rejected except in cases of force majeure or exceptional circumstances.

Head of Holding

You are setting up an agricultural holding for the first time as Head of Holding or have set up such a holding during the five years preceding the first submission of your application to the Basic Payment Scheme.

1. Applicants must provide a statement/letter from a qualified independent accountant¹ confirming:
 - That the applicant receives at least 50% of the profits (or loss) of the farm business and that this is reflected in the applicant's tax return. The most recent set of business accounts² and corresponding tax return (or pages from the tax return relevant to the applicant's business) should be provided in support of this statement³. The accountant should specify in a letter the percentage share of the profit going to the applicant and reference these figures in the accompanying accounts and tax return.

¹ By qualified independent accountant, we mean someone who has qualified with and is a current full member of an organisation which is considered to be a member of CCAB or someone who is qualified with and is a current full member of CIMA or AAT or additionally CIOT and is independent of the applicant and the business and is not a member of the same household as the applicant.

² Where prepared, business accounts should incorporate the Profit and Loss Account, Balance Sheet, Notes to the Accounts, Sole trader or Partner Approval Statement and Accountant's Report. Where for smaller traders business accounts as outlined are not prepared, a Profit and Loss Statement approved by the trader and the accountant will be acceptable.

³ Where applicants provide an extract from their tax return, they should confirm in writing that the extract provided is a true and fair copy of the original document referred to in the accountant's statement/letter and submitted to HMRC.

- That the applicant became Head of Holding, based on when they began to take at least 50% of the profits, within the last five years. The business accounts and corresponding tax return from the year before the applicant became Head of Holding should be provided to show that they previously received less than 50% of the profits. Again these figures should be referenced in the letter provided by the accountant.
 - If the applicant has started their business recently and does not have previous years' accounts, then the accountant's statement should confirm that they are appropriately registered for income tax and the date on which their business was registered. A copy of the applicant's HMRC income tax registration must be provided showing that they are undertaking agricultural activity. Accounts and tax returns must be provided as soon as they are available.
 - If available, a document confirming the partnership constitution and outlining the roles and responsibilities of the members of the business and their share of profits should be provided. It should demonstrate how the Head of Holding takes decisions about management, benefits and financial risks relating to the business and has effective and long term control of the business. It should also state the date on which the applicant(s) became the Head of Holding. The agreement should be signed by all partners and witnessed by their accountant. In the case of a 50:50 partnership, the agreement should include a statement which confirms that the Head of Holding can make decisions without veto from the other partner.
2. The applicant must be named on the business bank account and be authorised to make payments and transfer money from the account without requiring authorisation from anyone else. A letter from the bank must be provided to confirm this.
 3. The applicant must be named on the Herd/Flock Number and/or Milk Licence where applicable. Applicants with no livestock should be named on documentation associated with the Quality Assurance Scheme, Plant Health Registration Numbers or other relevant documentation.
 4. The applicant must be one of the customer names associated with the DARD Business ID.

Sole Traders

While sole traders are Head of Holding, they will still need to provide all of the evidence listed above in relation to head of holding. This is because this information will also be used to test the authenticity of the business (see below). A business which has had the same person acting as sole trader for the entire period of establishment need not provide accounts and tax returns relating to the period prior to him/her becoming Head of Holding as this will not be relevant in this instance.

50:50 Partnerships

In a case of a 50:50 partnership and equal division of the profits between a young farmer and a person who is not a young farmer, further evidence will be required to demonstrate that despite the 50:50 nature of the partnership, the young farmer on his/her own can exercise effective and long-term control over the business in terms of decisions related to management, benefits and financial risks without a veto from the other partner and when this control was acquired from. Acceptable evidence may be a document outlining details of the partnership and containing such a clause, the previous partnership document and date of change.

Authenticity of the Business

The Business and the area applied for on the application form must reflect what happens in practice. Therefore the accounting information must be commensurate with the area declared on the application form. Cases which appear to have a lower than normal gross turnover per hectare may be investigated further and you may be required to provide evidence that you are actually farming all of the area declared on your application. Failure to do so may result in the area on which entitlements are established and payment made being reduced to the area you are actually farming with penalties being applied or your application may be rejected in its entirety.

Applying for payment on land that you are not farming may be investigated in relation to fraud.

Applicants may be required to provide Head of Holding evidence on an annual basis.

Age

You must be no more than 40 years of age in the year of your first application for the Basic Payment Scheme.

Applicants must present their birth certificate and one of the following items of photographic identification in person at a DARD Direct office:

- Passport
- Driving licence
- Electoral Identity Card

Only originals will be accepted. Where the name on the birth certificate has changed, applicants must provide evidence to explain the change, for example, a marriage certificate

Educational Qualification

You hold at least a Level II qualification in agriculture (or a related subject containing at least a farm business management module).

Subject to the type, size and Awarding Bodies for the qualifications held by applicants, the following forms of evidence will be required.

- i. An original Certificate from the qualification Awarding Body for the qualification that the applicant holds and which demonstrates that the applicant has achieved accreditation in an agricultural qualification at Level II or above (or in a related subject containing at least a farm business management module). Those unable to locate their original certificate, which was received from the course Awarding Body when they completed their qualification, should contact the Awarding Body to obtain a duplicate certificate.

or

- ii. An original Certificate from the qualification Awarding Body for the qualification that the applicant holds and a letter from CAFRE, bearing the applicants name and address, confirming that the qualification held by the applicant has been assessed by CAFRE to be eligible for the purposes of the Young Farmers' Payment.

or

- iii. An original Certificate from the qualification Awarding Body for the qualification that the applicant holds, plus an OCN NI Certificate for the Level II Agricultural Business Operations **Award** and a letter from CAFRE bearing the applicants name and address confirming that based on the main qualification held, only the Agricultural Business Operation was required to be completed.

or

- iv. A letter from CAFRE signed by the College Director confirming that the applicant holds the qualification named on the letter. This will apply to applicants who hold either a College Certificate in Agriculture (CCA) or a College Diploma in Agriculture (CD) or College Diploma units and who **cannot locate their original** certificate. These qualifications were awarded by DARD (DANI) and Certificates were issued by the Department. DARD no longer provides these qualifications. Therefore, providing that College records prove that the applicant holds either of these qualifications, then CAFRE will provide a letter of authenticity.

Applicants should note that where the name printed on the qualification certificate is different to the name on the application for Young Farmers' Payment, evidence must also be provided to demonstrate that the applicant and the qualification holder are the same person. A marriage certificate or other official identification document are examples of the evidence that may be required.

Existing students currently enrolled on eligible courses

Some applicants to the Young Farmers' Payment will be final year students enrolled on eligible agriculture education programmes at CAFRE or at other Colleges in Northern Ireland or Universities / Colleges in Great Britain or Republic of Ireland.

In some cases students will know their final results by the deadline for submission of an application for the Young Farmers' Payment of 15 May 2015, but will not have received their course certificate from the course Awarding Body. In these cases a letter, signed by the College Director / College Principal, and indicating that the person concerned has achieved their qualification can be submitted with the application form for the Young Farmers' Payment. This letter must be followed by the Course certificate once it has been received by the student. The Department will accept the application but will not process it until the course certificate has been received.

Other students, particularly those with final exams to take, will not know their final results by the 15 May deadline. If results and attainment of the qualification are confirmed by the College Director/College Principal by 9 June 2015 the application can be accepted provided it is received on or before 9 June 2015, but late claim penalties may apply. This letter must be followed by the Course certificate once it has been received by the student . The Department will accept the application but will not process it until the course certificate has been received.

If results are not known until after 9 June 2015, you will not be eligible to apply for the Young Farmers' Payment in the 2015 scheme year.

CAFRE has compiled a list of eligible qualifications which can be found on their website: www.cafre.ac.uk. You can use this list to check if the qualification already held by you will be accepted by DARD for the purposes of the Young Farmers' Payment. The list of eligible qualifications is not exhaustive. If you hold a qualification which is not listed, details on how to check its eligibility can be found on the CAFRE website (under Industry Support page). You can also contact CAFRE by calling 028 94 426770 or by emailing: developmentsservice.admin.@dardni.gov.uk

All queries to CAFRE regarding the eligibility of qualifications must be submitted either electronically or in writing by **30 April 2015**. Enquiries received after this date may not be responded to by 15 May 2015.

Payment

If you are eligible for the Young Farmers' Payment, the payment will be subject to the following conditions:

Duration of the Payment

You can receive the Young Farmers' Payment for a maximum of five years. The maximum period will be reduced by the number of years elapsed between setting up as head of holding and the first year of submission of an application for the Young Farmers' Payment as outlined below.

Applications made to BPS and Young Farmers' Payment in 2015

Setting up as head of holding	Maximum number of years you can receive Young Farmers' Payment
1 January 2010 - 31 December 2010	1
1 January 2011 - 31 December 2011	2
1 January 2012 - 31 December 2012	3
1 January 2013 - 31 December 2013	4
1 January 2014 - 31 December 2014	5
1 January 2015 - 15 May 2015	5

Those setting up as head of holding in the period 1 January 2015 - 15 May 2015 may apply in 2015. However if they apply for the first time in 2016 they may also receive the Young Farmers' Payment for a maximum of 5 years commencing from 2016 provided that in 2016 (if that is the first year of application to the Basic Payment Scheme as well) the young farmer does not exceed 40 years of age. You should note that the maximum period is not a guarantee that you will receive the Young Farmers' Payment in future years. It is subject to you continuing to meet the eligibility conditions in relation to head of holding and any future changes that may be made to EU legislation.

Provided you are no more than 40 years of age in the first year of application to the Basic Payment Scheme, you can continue to receive the Young Farmers' Payment in future years even if during those years you turn 41.

Example

You became head of holding in 2014 and qualify for the Young Farmers' Payment in 2015 aged 39. You can still receive the Young Farmers' Payment for 5 years.

Maximum Number of Entitlements to which payment is applied

The Young Farmers' Payment will be based on the number of eligible hectares which you have used to activate your Basic Payment Scheme entitlements subject to a limit of 90 hectares, the maximum allowed under EU legislation.

If for example, you hold 110 entitlements and draw down Basic Payment on all of them, the Young Farmers' Payment will be limited to 90 hectares.

If for example, you draw down payment on 75 entitlements, the Young Farmers' Payment will be based on 75 hectares.

Calculation of the Young Farmers' Payment

The Young Farmer Payment will be made for a maximum of five years but as outlined above, that period will be reduced by the number of years elapsed between setting up as head of holding and first year of application.

The amount of top-up payment which you will receive will be based on 25% of the total NI direct payments regional average payment per hectare multiplied by the number of entitlements which you have activated, subject to the maximum limit of 90 hectares. The Young Farmers' Payment is currently estimated to be around €84/ha but the final rate could be significantly different. The overall budget for the Young Farmers' Payment is limited to 2% of the NI regional ceiling which is approximately €6.52m. If necessary the payment rate per hectare will be scaled back to ensure the budget ceiling is not exceeded.

Changes in your 'Young Farmer' Status

If you are eligible for the Young Farmers' Payment, it is your responsibility to ensure that the Department is notified in a timely manner of any changes in your circumstances which could potentially affect your status as a Young Farmer.

Compliance Requirements and Penalties

Under EU legislation, the Department must ensure compliance with the rules of the Young Farmers' Payment and where appropriate apply penalties where there is a breach of the rules.

As with other DARD schemes, you will be subject to annual checks to ensure that you continue to meet the eligibility criteria. In addition, a percentage of Young Farmers applying for the Young Farmers' Payment will be subject to an on-the-spot-check. It is important therefore that you retain all of the original documentation you submitted in support of your application.

As required under EU Regulations, where it is found that individuals have artificially created conditions in an attempt to meet the criteria to access support from the Common Agricultural Policy (CAP) and the Young Farmers' Payment, they will be excluded from benefitting from this

support and may also face penalties. DARD will deploy a range of controls to ensure that this requirement is adhered to.

Requesting a Formal Review of your Young Farmers' Payment Decision

If you consider that the Department has made an incorrect decision in relation to your Young Farmers' Payment you have a right to request that the Department reviews its decision. We recommend that before requesting a formal review you contact the Department to discuss the decision. This may enable the matter to be resolved without the need for a formal review. If you are not happy with the explanation, you have a right to request that the Department reviews its decision. On request, we will send you a 'Review of Decision Application Form' (AP1) which you must complete and return within 42 days of the date of the decision letter or we will be unable to consider your application. Full details of the Review of Decisions process are available on the DARD website.

In limited circumstances, we may accept that you did not meet the requirements of the Young Farmers' Payment due to events outside your control. This is known as *force majeure* or exceptional circumstances. Where this is the case, we will not normally apply penalties.

Application Process

You must apply for the Young Farmers' Payment on the Single Application Form. You will need to do this in every year you apply for the Young Farmers Payment. However, you should submit your supporting evidence in person at your local DARD Direct office during the Young Farmers' Payment registration process, which will be open from mid March to 15 May 2015. You will also have to complete a registration form.

If you are applying to the Regional Reserve, you will need to complete an additional Regional Reserve application.

The closing date for applications is 15 May 2015. As the supporting evidence outlined in Section 3 is an integral part of the application, the application will not be considered as being received until all the documentation has been received.

Applications received after 15 May 2015 but on or before 9 June 2015 will be accepted but may be subject to a late claim penalty. Applications received after 9 June 2015 will be rejected. The Department may subsequently seek further clarification on the evidence which has been provided within the deadline. However, if for example you provide no evidence on the Head of Holding requirement and/or no evidence of your age and/or no evidence of your educational qualification, then your application will be rejected except in cases of force majeure or exceptional circumstances.

It is important that you act to ensure that your application form and supporting evidence have been received by the specified deadline. A late / incomplete application, or late receipt of supporting evidence, will not be accepted where the original was lost or delayed in the post. The Department cannot accept proof of posting as proof of receipt, but may accept late applications in cases of Force Majeure or Exceptional Circumstances. You must prove that, despite taking all reasonable measures to counteract the effects, the Force Majeure or Exceptional Circumstances incident prevented you from submitting your application(s) / evidence within the deadlines.

Contacts

If you need any help or advice in relation to your application for the Young Farmers' Payment, please contact the DARD Grants and Funding Helpline on 0300 200 7848.

You can also email the DARD Helpline at: dardhelpline@dardni.gov.uk

Further information on CAP reform and Area-based Schemes is available on the DARD website at: <http://www.dardni.gov.uk/index/grants-and-funding.htm>

The addresses and phone number for DARD Direct offices are as follows:

Local DARD Direct Offices

Public office opening hours are 09:00 - 16:00 each working day.

<p>Armagh Atek Building Edenaveys Industrial Estate Newry Road Edenaveys Co. Armagh BT60 1NF</p>	<p>Ballymena Academy House 121A Broughshane Street Town Parks Ballymena Co. Antrim BT43 6HY</p>	<p>Coleraine Crown Buildings Artillery Road Millburn Coleraine Co. Derry/Londonderry BT52 2AJ</p>
<p>Downpatrick Rathkeltair House Market Street Demesne of Down Acre Downpatrick Co. Down BT30 6LZ</p>	<p>Dungannon Crown Buildings Thomas Street Drumcoo Dungannon Co. Tyrone BT70 1HR</p>	<p>Enniskillen Inishkeen House Killyhevin Enniskillen Co. Fermanagh BT74 4EJ</p>
<p>Londonderry Crown Buildings Asylum Road Edenballymore Londonderry Co. Derry/Londonderry BT48 7EA</p>	<p>Mallusk Castleton House 15 Trench Road Grange of Mallusk Mallusk Newtownabbey Co. Antrim BT36 4TY</p>	<p>Magherafelt Units 36 - 38 Meadowlane Shopping Centre Moneymore Road Townparks of Magherafelt Magherafelt Co. Derry/Londonderry BT45 6PR</p>
<p>Newtownards Sketrick House 16 Jubilee Road Corporation South Newtownards Co. Down BT23 4YH</p>	<p>Newry Glenree House Unit 2, Springhill Road Carnbane Industrial Estate Carnbane, Newry Co. Down BT35 6EF</p>	<p>Omagh Sperrin House Sedan Avenue Lisnamallard Omagh Co. Tyrone BT79 7AQ</p>

The telephone number for all Grants and Funding enquiries at DARD Direct Offices is 0300 200 7848.

ISBN: 978-1-84807-513-9



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