Farming: Tax treatment of Green, Low-Carbon, Agri-Environmental Scheme (GLAS)

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Introduction

This manual sets out the taxation treatment of payments received by farmers from the Department of Agriculture Food and the Marine for implementing certain environmental measures.

1. The Scheme

The Green, Low-Carbon, Agri-Environment Scheme (GLAS) was the successor to the Rural Environmental Protection Scheme (REPS) and the Agri Environmental Options Scheme (AEOS) in the Rural Development Programme 2014-2020. The Scheme ended on 31 December 2022 and the final payments under the Scheme commenced in March 2023.

The scheme set out to reward farmers for farming in an environmentally friendly manner by making annual payments. GLAS was specially designed to address three main environmental issues namely, water quality, preservation of species and habitats and climate change mitigation.

It was administered by Department of Agriculture Food and the Marine. The practical details are available from that department.

The GLAS scheme is not a whole farm scheme/payment. Specific environmental actions must be chosen which enhance the rural environment based on a plan prepared by an approved planner. The scheme was open to all farmers. Access to the scheme was on a tiered basis based on the environmental assets on the farm and whether specific priority actions are undertaken by the farmer.

2. Tax Treatment

Payments under GLAS were made annually for the contract period. Each action carries a different rate of payment. A maximum total payment of €5,000 per farmer per year was available subject to carrying out the chosen actions. An additional €2,000 per year was available for farmers who undertook specific priority actions.

Payments under the GLAS scheme constitute income for tax purposes as they are paid to compensate farmers for income losses caused by reductions in output and for increases in costs of a revenue nature.

The payments should therefore be included as trading receipts when preparing annual accounts.

Where a payment has been made specifically to compensate the farmer for identifiable capital expenditure, it will not be treated as part of the farming income. It will, however, fall to be deducted in arriving at qualifying expenditure for capital allowances purposes.