

## Stock Relief – Young Trained Farmers

### Part 23-02-01

This document should be read in conjunction with section 654A and section 667B of the Taxes Consolidation Act 1997

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## 1. Introduction

Section 667B Taxes Consolidation Act 1997 ('TCA 1997') provides for a scheme of enhanced stock relief at the rate of 100% for "qualifying farmers" (who are often referred to as young trained farmers). The purpose of this manual is to give details of:

- the categories of farmers to whom this enhanced relief is available,
- the relief available, and
- the period for which it is available.

This scheme constitutes an EU State aid and as such it must comply with EU State aid rules. In particular, it must comply with the provisions of Commission Regulation (EU) 2022/2472<sup>1</sup>. These requirements are considered further in [Section 5](#).

## 2. Definition of a Qualifying Farmer

A qualifying farmer means an individual who -

- (a) in the tax year 2007 or a subsequent year first qualifies for the scheme of Installation Aid for Young Farmers operated by the Department of Agriculture, Food and the Marine under EU regulations, or
- (b)
  - (i) first becomes chargeable to tax under Case I of Schedule D in respect of income from farming in the tax year 2007 or a subsequent year,
  - (ii) is under 35 at the start of that tax year, and
  - (iii) at any time in that tax year satisfies the academic and training standards provided for in section 667B(2) or (3) TCA 1997,

and

where the individual first satisfies the requirements of (a) or (b) in the tax year 2012 or a later tax year, submits a business plan to Teagasc for the purpose of section 667B TCA 1997 or, to Teagasc or the Minister for Agriculture, Food and the Marine for any other purpose, on or before 31 October of the tax year following the tax year in which the requirements are first satisfied.

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<sup>1</sup> Commission Regulation (EU) 2022/2472 of 14 December 2022 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union. The full text of the Regulation is available on the website of the European Commission.

Section 667B(2) TCA 1997 provides that an individual must be the holder of a trained farmer qualification within the meaning given by section 654A TCA 1997. A trained farmer qualification is a qualification set out in the Table to section 654A TCA 1997 (which is reproduced in [Appendix 1](#)), or a qualification which Teagasc certifies as corresponding to a qualification on that Table, and is deemed by the Qualifications and Quality Assurance Authority of Ireland to be at least at a level equivalent to one of those qualifications.

Section 667B(3) TCA 1997 provides that an individual must have a letter of confirmation from Teagasc confirming the satisfactory completion of a Teagasc approved training course for individuals who, in the opinion of Teagasc, are restricted in their learning capacity due to physical, sensory, or intellectual disability or mental health.

For the tax year 2012 or any subsequent year, stock relief at the 100% rate will apply only where a young trained farmer falls within the definition of microenterprise or small enterprise within the meaning of Article 2 of Annex I to Commission Regulation (EU) 2022/2472 for the year in question.

An individual who achieved the academic and training standards under either section 667 TCA 1997 or section 667A TCA 1997 is deemed to satisfy the corresponding requirements of section 667B TCA 1997.

### 3. The Relief

Instead of the general rate of 25% stock relief<sup>2</sup> or the rate of 50% for farmers who are partners in registered farm partnerships<sup>3</sup>, the enhanced 100% rate of relief applies for the tax year in which an individual becomes a young trained farmer and for each of the three successive tax years in which there is an increase in stock value.

For example -

Closing stock value:	15,000
Opening stock value	<u>5,000</u>
Increase:	<u>10,000</u>
Stock relief due	10,000
Profit before stock relief (say):	12,000
Stock relief	<u>10,000</u>
Case I profit	2,000

<sup>2</sup> Refer to TDM [Part 23-02-02](#) for more detail.

<sup>3</sup> Refer to TDM [Part 23-02-09](#) for more detail.

The cash equivalent amount of stock relief at the 100% rate which a young trained farmer can receive where he or she first qualifies in the tax year 2012 or a subsequent tax year is limited to €40,000 in a single year and €100,000 in aggregate over the four years of the scheme. This is subject to an overall lifetime limit of €100,000<sup>4</sup> on the aggregate amount of relief which may be claimed under:

- this 100% stock relief for young trained farmers,
- relief for partners in succession farm partnerships<sup>5</sup> under section 667D TCA 1997, and
- stamp duty relief for young trained farmers under section 81AA of the Stamp Duties Consolidation Act 1999<sup>6</sup>.

The same rules apply to a claim for 100% stock relief as apply to the standard 25% stock relief in that a claim to stock relief prevents:

- the creation of a loss in the year of claim,
- a carry forward of losses, sustained in a year prior to the year of claim, to a subsequent year,
- a carry forward of unused capital allowances of a year prior to the year of claim to a subsequent year,
- a carry back of terminal loss relief to a year prior to the year of claim.

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<sup>4</sup> This limit is imposed under Article 18(7) of Commission Regulation (EU) 2022/2472

<sup>5</sup> Refer to TDM [Part 23-02-11](#) for more detail.

<sup>6</sup> Refer to [Part 7](#) of the Stamp Duty Manual for more detail.

## 4. Period of availability of enhanced relief

The regime applies in computing farming income in the case of an individual who becomes a young trained farmer on or after 1 January 2007 and on or before 31 December 2027.

## 5. State aid

In order to comply with Commission Regulation (EU) 2022/2472, certain conditions must be satisfied. The young farmer should:

- be a microenterprise<sup>7</sup> or small enterprise<sup>8</sup>, as defined in Annex I of Commission Regulation (EU) 2022/2472, and be active in primary agricultural production<sup>9</sup>;
- be a 'young farmer' as set out in Article 18 of Commission Regulation (EU) 2022/2472;
- as per [section 2](#), submit a business plan to Teagasc, which will be certified by them;
- possess appropriate occupational skills and competences; and
- exercise effective and long-term control of the holding, in terms of decisions relating to managements, benefits and financial risks.

As stated in [section 3](#), the tax relief is granted to the beneficiary in the tax year in which they first become a qualifying farmer and for each of the next three successive years, provided there is a stock increase in the relevant accounting period, subject to the overall lifetime limit of €100,000.

In respect of the first year in which the farmer qualifies for the tax relief, he/she must be setting up for the first time in an agricultural holding as a head of that holding.

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<sup>7</sup> A micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

<sup>8</sup> A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.

<sup>9</sup> Under Article 2 of Commission Regulation (EU) 2022/2472 'primary agricultural production' means the production of products of the soil and of stock farming, listed in Annex I to the Treaty, without performing any further operation changing the nature of such product.

The ceiling of €100,000 applies to the aggregate amount of relief (State aid) granted to a person under section 667B TCA 1997 and the following ABER schemes:

- section 81AA Stamp Duties Consolidation Act 1999 (transfers of land to young trained farmers), and
- section 667D TCA 1997 (succession farm partnerships).

For State aid awards granted under this scheme that exceed €10,000, certain details in respect of each award will be published on a central website. This information includes the identity of the beneficiary and the amount of aid granted. For further information, please refer to Annex III of Commission Regulation (EU) 2022/2472.

## 6. Partnerships

In the case of a partnership, the practice has been to deduct the stock relief due in arriving at the partnership profit. This practice will continue where all the partners come within the same stock relief regime. However, where, for example, some partners in a partnership are entitled to 100% stock relief while others are entitled to the general 25% relief, it may be accepted that the partnership profit to be allocated in accordance with the profit sharing ratios is the profit before stock relief but after making all other adjustments. The stock increase will be allocated in accordance with the profit-sharing ratios in the basis period and stock relief will be allowed accordingly, to arrive at the Case I profit of each partner.

The following example illustrates how this applies in practice. A (a non-qualifying farmer) and B (a qualifying farmer) farm in partnership, sharing profits and losses equally.

The profit, adjusted for tax purposes, but before stock relief is	20,000
Closing Stock is valued at	75,000
Opening stock is valued at	<u>51,000</u>
Stock increase	<u>24,000</u>
Allocated to A - 50%	12,000
Allocated to B - 50%	<u>12,000</u>
Partner A's share	10,000
Stock relief - 25%: (Stock increase of 12,000 x 25%)	<u>3,000</u>
Case I profit - A	<u>7,000</u>
Partner B's share	10,000
Stock relief - 100%: (Stock increase of 12,000 x 100%)	<u>12,000</u>
Case I profit - B (stock relief cannot create a loss)	<u>nil</u>



## Appendix 1: Table to Section 654A

### **1. Qualifications awarded by the Qualifications and Quality Assurance Authority of Ireland:**

- (a) Level 6 Advanced Certificate in Farming;
- (b) Level 6 Advanced Certificate in Agriculture;
- (c) Level 6 Advanced Certificate in Dairy Herd Management;
- (d) Level 6 Advanced Certificate in Drystock Management;
- (e) Level 6 Advanced Certificate in Agricultural Mechanisation;
- (f) Level 6 Advanced Certificate in Farm Management;
- (g) Level 6 Advanced Certificate in Machinery and Crop Management;
- (h) Level 6 Advanced Certificate in Horticulture;
- (i) Level 6 Advanced Certificate in Forestry;
- (j) Level 6 Advanced Certificate in Stud Management;
- (k) Level 6 Advanced Certificate in Horsemanship;
- (l) Level 6 Specific Purpose Certificate in Farm Administration;
- (m) Higher Certificate in Agriculture;
- (n) Bachelor of Science in Agriculture;
- (o) Higher Certificate in Agricultural Science;
- (p) Bachelor of Science in Agricultural Science;
- (q) Bachelor of Science (Honours) in Land Management, Agriculture;
- (r) Bachelor of Science (Honours) in Land Management, Horticulture;
- (s) Bachelor of Science (Honours) in Land Management, Forestry;
- (t) Higher Certificate in Engineering in Agricultural Mechanisation;
- (u) Bachelor of Science in Rural Enterprise and Agri-Business;
- (v) Bachelor of Business in Rural Enterprise and Agri-Business;

- (w) Bachelor of Science in Agriculture and Environmental Management;
- (x) Bachelor of Science in Horticulture;
- (y) Bachelor of Arts (Honours) in Horticultural Management;
- (z) Bachelor of Science in Forestry;
- (aa) Higher Certificate in Business in Equine Studies;
- (ab) Bachelor of Science in Equine Studies;
- (ac) Bachelor of Business in Equine Studies;
- (ad) Higher Certificate in Science Applied Agriculture;
- (ae) Bachelor of Science (Honours) in Sustainable Agriculture;
- (af) Bachelor of Science (Honours) in Agriculture.

**2. Other qualifications:**

- (a) Bachelor of Agricultural Science - Animal Crop Production awarded by University College Dublin;
- (b) Bachelor of Agricultural Science - Agri-Environmental Science awarded by University College Dublin;
- (c) Bachelor of Agricultural Science - Animal Science awarded by University College Dublin;
- (d) Bachelor of Agricultural Science - Animal Science Equine awarded by University College Dublin;
- (e) Bachelor of Agricultural Science - Dairy Business awarded by University College Dublin;
- (f) Bachelor of Agricultural Science - Food and Agribusiness Management awarded by University College Dublin;
- (g) Bachelor of Agricultural Science - Forestry awarded by University College Dublin;
- (h) Bachelor of Agricultural Science - Horticulture, Landscape and Sports turf Management awarded by University College Dublin;
- (i) Bachelor of Veterinary Medicine awarded by University College Dublin;
- (j) Bachelor of Science in Equine Science awarded by the University of Limerick;
- (k) Diploma in Equine Science awarded by the University of Limerick;

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- (l) Bachelor of Science (Honours) in Agriculture awarded by the Dundalk Institute of Technology;
  - (m) Bachelor of Agricultural Science - Agricultural Systems Technology awarded by University College Dublin;
  - (n) Bachelor of Science in Agricultural Science awarded by Munster Technological University;
  - (o) Bachelor of Science in Sustainable Farm Management and Agribusiness awarded by South East Technological University;
  - (p) Bachelor of Science (Honours) in Sustainable Farm Management and Agribusiness awarded by South East Technological University;
  - (q) Bachelor of Science in Agriculture awarded by Atlantic Technological University;
  - (r) Higher Certificate in Science in Agriculture awarded by Atlantic Technological University;
  - (s) Quality and Qualifications Ireland Level 6 Specific Purpose Certificate in Farming;
  - (t) Bachelor of Science (Honours) in Agricultural Science awarded by South East Technological University.