



LEWISBROWNLEE

Specialist Agricultural and Horticultural Accounting

A GUIDE TO GROWING SUCCESS



Expert Partners in the Field.



PLATINUM
PARTNER

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FINANCIAL EXPERTISE ROOTED IN THE LAND

At Lewis Brownlee, we're more than just accountants - we're partners who understand the unique demands and complex taxation of the agricultural and horticultural sectors. With years of experience working alongside farmers and growers, we know that running a farming business isn't just about numbers. It's about weathering uncertainty, adapting to market shifts, and ensuring your livelihood for generations to come.

We offer a hands-on and personalised approach. We understand the cyclical nature of your business, the impact of subsidies and grants, and the importance of long-term planning. For example, have you thought about remuneration planning, structuring your business, and farmers averaging, to name a few.

With the recent IHT change that affects farmers it is now a good idea to look at IHT and succession planning to try and mitigate any IHT due.

WHY CHOOSE US?



Deep Sector Knowledge: We know the ins and outs of agriculture and horticulture, including the specific tax breaks, grants, and financial nuances that affect your industry.



Tailored Approach: Every farm and horticultural business is unique. That's why we offer bespoke financial solutions, working closely with you to meet your specific needs, whether it's planning for a new equipment purchase or managing inheritance tax.



Sustainability Focus: We're here for the long haul, helping you make decisions that ensure the financial sustainability of your business now and for future generations.

HOW WE CAN HELP?

Our specialised services have been designed specifically to address the unique needs of growers, farmers, and horticultural businesses. As such, our tailored solutions include:

1) IHT & SUCCESSION PLANNING

IHT and Succession Planning for Farmers is a crucial area. Farming businesses often involve substantial land and agricultural assets, which can attract significant Inheritance Tax (IHT). Planning for the future is especially important for farmers to ensure their estates are passed on smoothly, while minimising the IHT liability. Some things to think about are:



Minimise IHT



Asset protection



Control over assets



Ensure smooth transition

As you may be aware from April 2026, owners of farmland will be able to claim 100% Agricultural Relief on up to £1 million of agricultural property; values above this amount will only attract 50% relief. The £1 million will be shared across assets qualifying for Business Relief and Agricultural Relief on pro-rata basis. Any unused £1 million allowance is not transferable after death.

2) LEASING OR BUYING EQUIPMENT

The decision to lease or buy equipment is a big one. We're here to guide you through:



The tax implications of leasing versus buying.



The effect of equipment on your cash flow and credit rating.



How to calculate the maintenance costs associated with each option.

3) HELPING YOU MANAGE INDUSTRY CHANGE

Agriculture and horticulture are industries of constant evolution. From new technologies to shifting regulations, we help you stay ahead of the curve. We integrate Xero, a cloud-based accounting system, with tools designed for the farming sector, allowing you to:



Track crop and field performance to identify profitability and optimise resources.



Monitor livestock profitability to maximise returns and adjust management strategies.



Plan and project cash flow based on real-time data.

4) R&D TAX RELIEF

This is the bit where you get to innovate and save! If you're investing in new farming techniques or technologies to improve efficiency, you could be eligible for R&D tax relief. So, we can help you claim:



Deduct an extra 86% of your qualifying costs from your trading profit for tax purposes, as well as the normal 100% deduction, to make a total of 186% deduction.



Receive a payable tax credit worth up to 10% of the loss if your business is currently making losses.

5) STRUCTURING BUSINESS

How is your farm business currently structured? Would you benefit from the farm business being traded through a partnership or limited company?

Alternative structures could mean that you pay less tax overall and succession planning becomes easier depending on the type of business structure that you have in place. We can help you figure it out!

6) FARMERS AVERAGING

This is a relief available to farmers where their profits fluctuate year on year. This relief allows farmers to average their profits over a 2 or 5 year period, whichever is more advantageous.

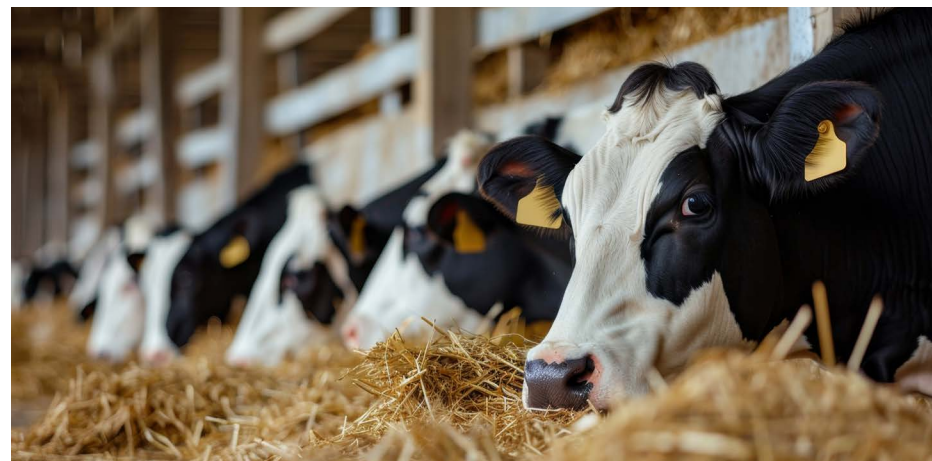
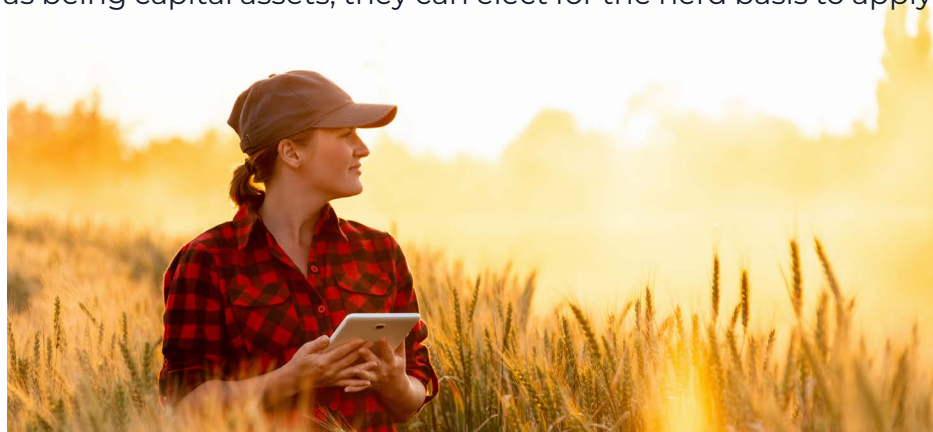
Provided that certain conditions are met this relief will save farmers both tax and class 4 National Insurance.

7) HERD BASIS

The herd basis is a special method of working out profits or losses which may be used by farmers who keep production livestock. If you use the herd basis you will need to keep records so that you can identify the figures to be used when applying the special rules.



As a general rule, farm animals are dealt with as trading stock within the annual accounts. However, some animals are used purely to obtain products or in order to breed. In such cases, the herd can be regarded as being a capital asset of a farming business. Should a farmer wish for their livestock to be regarded as being capital assets, they can elect for the herd basis to apply.



A claim for the herd basis election must be made in writing to HMRC within two years of the end of the accounting period for a company and by 31 January falling two years after the end of the tax year in which the herd is first kept. An additional year is allowed if the year in which the herd is first kept is also the year in which the farming activities first began, for example a new entrant in to farming.

This election is irrevocable so please do seek advice before making such an election.

The herd basis election is not available if you have had flocks or herd for many years unless there is a partnership change. If the herd basis is not already in place, and you think your business could benefit from it, please take advice.

There are many rules with regards to applying this basis and advice should be sought before claiming the herd basis.

WE'RE HERE TO HELP!

Unsure if the Herd Basis applies to your farm?
Speak to our Agricultural Tax Specialists for tailored advice.

Book your FREE Introductory meeting today!



LetsTalk@lewisbrownlee.co.uk

8) CGT PLANNING

With current changes in the legislation for APR and BPR it is worth planning for capital gains tax on the transfer of agricultural property.

Land that qualifies for inheritance tax agricultural property relief, can be given away, for example to the next generation, without liability to capital gains tax being incurred. The gain treated as arising on a gift can be 'held over' to the transferee, so that the transferee takes the land at the transferor's original cost price.

You would of course need to survive 7 years for this to fall out of your estate. There may also be other CGT planning opportunities depending on your specific circumstances and therefore you will need to get advice before doing anything.

9) INCOME TAX PLANNING

Effective income tax planning is essential for minimizing your tax liability each year.

This process involves a comprehensive review of various factors to identify optimal strategies. For instance, if you operate within a partnership, we would assess the most advantageous profit distribution between partners and evaluate whether farmer's averaging can be utilized, based on your specific circumstances.

Alternatively, if your farming activities are conducted through a limited company, we would focus on the most tax-efficient methods for extracting income, ensuring that you maximize potential tax savings through the use of your tax allowances and tax bands.



Partners in your
agricultural accounting success...

PARTNERING IN YOUR SUCCESS

COMPREHENSIVE TAX PLANNING & RETURNS

Agricultural and horticultural farmers face unique financial pressures, from fluctuating incomes to complex tax reliefs like those for machinery, land, and environmental schemes. Our team helps manage cash flow, ensuring compliance with changing regulations, while maximising allowances such as capital gains and agricultural property relief. We handle your tax returns accurately and efficiently, allowing you to focus on growing your business.

VAT ADVICE & CAPITAL ALLOWANCES ON EQUIPMENT

Farmers and growers often deal with complex VAT rules and capital allowances on equipment, making compliance and tax efficiency challenging. Our team provides tailored VAT advice, ensuring you reclaim what's due and stay compliant with regulations. We also help maximise capital allowances on machinery and equipment purchases, reducing your taxable profits and improving cash flow, so you can invest more in your business.

GOVERNMENT GRANTS & SUBSIDIES MANAGEMENT

Navigating government grants and subsidies can be complicated, with numerous schemes and changing regulations. We can help you identify the right grants and manage applications, ensuring you meet eligibility criteria. We also assist with ongoing compliance, so you maximise subsidies and maintain your business's financial health.

CASHFLOW FORECASTING & PROFITABILITY ANALYSIS

Effective cashflow forecasting and profitability analysis are vital for handling seasonal income fluctuations and variable costs. Our team provides tailored forecasting to help you plan for lean periods and make informed decisions. We also analyse profitability across your operations, identifying areas for improvement, ensuring your business remains financially stable and successful.

REAL-TIME BUDGETING & FINANCIAL REPORTING

Real-time budgeting and financial reporting are essential for managing the dynamic financial needs of farming. Our team helps you track expenses and revenues as they happen, ensuring you stay on budget. With accurate, up-to-date financial reports, we provide insights that enable you to make informed decisions, keeping your farm's finances on course.



- COMPREHENSIVE TAX PLANNING
- VAT ADVICE & CAPITAL ALLOWANCES
- GOVERNMENT GRANTS & SUBSIDIES MANAGEMENT
- CASHFLOW FORECASTING & PROFITABILITY ANALYSIS
- REAL-TIME BUDGETING & FINANCIAL REPORTING

TAILORED SOLUTIONS FOR YOUR SPECIFIC NEEDS...

At Lewis Brownlee, our services are tailored to fit your unique business needs. We take the time to understand your operations inside out, recognising that no single solution works for every business. By focusing on what matters to you, we ensure that our support is as effective and efficient as possible. We're not just your accountants; we're partners in your business success.

EXAMPLES OF HOW WE MIGHT HELP

Example 1: Maximising Tax Relief for a Family Farm

Client: A family-run arable farm

Challenge: A client is concerned about the potential tax implications of passing the farm to the next generation and wants to ensure a smooth succession with minimal financial burden. They also need help managing complex capital allowances for recent machinery purchases.

Solution: We would work closely with the family to implement a comprehensive succession plan, maximising agricultural property relief and minimising inheritance tax. Additionally, we would identify several qualifying capital allowances for their equipment purchases, ensuring they could claim significant tax savings.

Outcome: The family would be able to transition ownership without incurring major tax liabilities, and they would benefit from reduced costs on their recent machinery investments, improving cash flow and ensuring a solid financial future.

Example 2: Improving Cash Flow for a Diversified Farm

Client: A livestock and crop farm that recently diversified into agri-tourism

Challenge: A farm's diversification into holiday cottages and farm experiences has created complexities in managing multiple income streams and monitoring cash flow. The client also struggles with understanding how to accurately forecast profits from each area of the business.

Solution: We would introduce cloud-based accounting software (Xero) with add-ons tailored to track income and expenses from both traditional farming activities and the new tourism ventures. We would help them set up detailed cash flow forecasts and trained them on how to monitor profitability across all operations.

Outcome: The farm would be able to accurately track and improve cash flow across all revenue streams, helping them manage their expansion while maintaining profitability in their core agricultural operations.

Example 3: Securing R&D Tax Relief for Innovative Horticultural Practices

Client: A horticultural business developing sustainable irrigation techniques

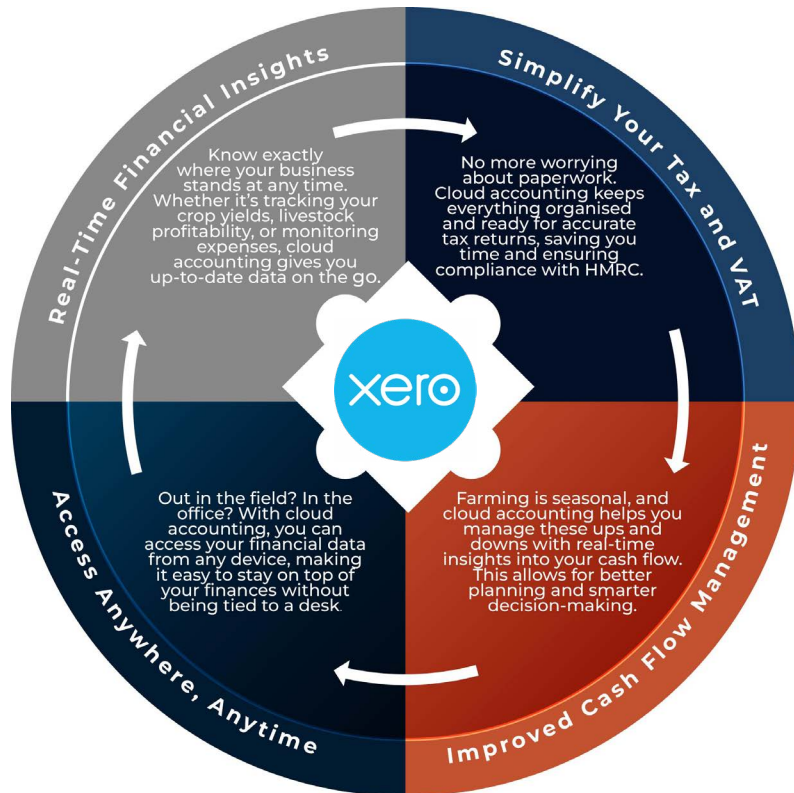
Challenge: A business is experimenting with new, water-efficient irrigation methods to improve sustainability but is unaware that their work could qualify for R&D tax relief.

Solution: We would identify their innovative activities as eligible for R&D tax relief and help them navigate the application process. By documenting their efforts to improve irrigation techniques, we would ensure they meet the HMRC criteria for claiming tax relief.

Outcome: The business would receive a significant tax rebate, allowing them to reinvest in further innovations. Their savings would not only boost their current cash flow but also encourage continued investment in sustainable farming practices.

AGRICULTURAL & HORTICULTURAL INNOVATION

Managing a farm or horticultural business comes with its own set of challenges — unpredictable cash flow, complex tax requirements, and tracking costs across multiple areas. That's why we are proud to be Platinum Partners with Xero and to champion its sustainability-minded software in our Cloud Accountancy offering:



MAXIMISING POTENTIAL WITH APP-STACKING

We take cloud accounting a step further with app-stacking, integrating additional tools with Xero to track everything from livestock performance to machinery costs — all customised for your unique needs.

PARTNERS IN YOUR SUCCESS

As leaders in the field, we can not wait to help get started in partnering in your business success with one of Agricultural and Horticultural Accounting packages:

Bronze Package: Essential Farm Accounting

Our foundational package to keep your farm or horticultural business compliant and organised.

Includes: VAT filing and compliance | Annual accounts preparation and submission | Basic bookkeeping | Tax returns

Silver Package: Financial Oversight and Planning

Build on essential services with added support for financial management and planning.

Includes: Everything in the Bronze Package | Capital allowances and tax-efficient machinery purchases | Monthly/quarterly management accounts | Tax advice to maximise allowances

Gold Package: Growth and Strategic Solutions

Comprehensive support for growing businesses looking to improve profitability and future-proof their operations.

Includes: Everything in the Silver Package | Cash flow forecasting and management | Tracking crop/field performance | Livestock profitability tracking | Subsidy, grant, and funding management | Succession planning | R&D tax relief assistance

So, when you're ready, we're ready! Get in touch with us today and we will look forward to seeing how we can be *partners in your success!*



LEWIS BROWNLEE

Services we offer include:

Agricultural Accounting
Audit & Assurance
Cash Flow Forecasting
Cloud Accounting
Horticultural Accounting
Inheritance Tax Planning & IHT returns
Management Accounts
Outsourced Back Office
Payroll & Benefits-in-Kind
Probate Applications & Estate Administration
Tax Planning & Returns
Trusts and Estate work
Virtual Finance Directors
Virtual Financial Controllers
Year-End Accounts

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CHARTERED ACCOUNTANTS & TAX ADVISERS

Partners in your success

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