

Accelerated Capital Allowances for Farm Safety Equipment

Part 09-02-07

This document should be read in conjunction with section 285D of the Taxes Consolidation Act 1997

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Introduction

Section 285D of the Taxes Consolidation Act 1997 (TCA 1997) provides for a scheme of accelerated capital allowances (referred to as wear and tear allowances) for capital expenditure incurred on certain farm safety equipment by a person¹ carrying on a trade of farming. The expenditure must be incurred in the period 1 January 2021 to 31 December 2026 and the Minister for Agriculture, Food, and the Marine (the Minister) must certify the expenditure. Once certified, the expenditure can be written off at a rate of 50% per annum over two years rather than at the normal rate of 12.5% per annum over eight years.

The scheme is subject to an overall annual budget of €5 million (excluding VAT). Additionally, there is a limit of €500,000 on the total amount of relief that can be granted to any person under this scheme.

1. Capital Allowances

Capital allowances in the form of wear and tear allowances will be available where the provisions of section 284 TCA 1997 are met as follows:

- A person carrying on a trade must incur capital expenditure on the provision of machinery or plant for the purposes of that trade;
- The machinery or plant must belong to that person;
- The machinery or plant must be in use at the end of the chargeable period for which the allowances are claimed;
- While the machinery or plant is used for the purposes of the trade, it must be wholly and exclusively so used.

Wear and tear allowances for machinery or plant are generally given over an eight-year period at an annual rate of 12.5% of the capital expenditure incurred. In the case of farm safety equipment which is certified as qualifying equipment, the rate is accelerated, and the entire allowance can be claimed over a two-year period provided the equipment is in use for the purposes of the person's farming trade at the end of the chargeable period. Equipment that is machinery or plant but has not been certified as qualifying equipment can avail of the normal wear and tear allowances.

¹ A company or an individual whether carrying on the trade as a sole trader or in partnership.

The normal rules regarding balancing charges in section 288 TCA 1997 apply. Where certain 'balancing' events occur, for example, the sale of the equipment or its ceasing to be used for the purposes of the trade, there may be a clawback of the allowances already granted having regard to the proceeds or value of the equipment (or deemed proceeds/value) at the time of the event.

2. Who can qualify for the incentive?

The scheme of accelerated capital allowances is available to companies and unincorporated businesses that incur expenditure on eligible farm safety equipment for use in their farming trade. The equipment must be owned by the business.

3. Qualifying Equipment

To qualify for the accelerated wear and tear allowances, the equipment must be of a type specified in the table in Part 2 of Schedule 35 TCA 1997. The list of items qualifying for relief was expanded by Finance Act 2024 to include certain equipment qualifying for grants under the Targeted Modernisation Scheme (TAMS). A copy of the table is reproduced at Appendix 1.

4. Qualifying Certificate

A claimant under this scheme must have received a "qualifying certificate" (certificate) from the Minister stating that the equipment concerned is qualifying equipment. An application can be made to the Minister for a certificate once the equipment has been acquired. Where, on receipt of an application, the Minister is satisfied that the equipment is qualifying equipment (and that the annual budget for the scheme has not been exceeded) the Minister will issue the required certificate. Information contained in the certificate will include a description of each item of qualifying equipment and the related qualifying expenditure, a unique identification number and the name, address and "tax reference number" (TRN) of the claimant. The certificate may include other information that the Minister considers necessary.

By 28 February each year the Minister will provide Revenue with details of all qualifying certificates issued in the previous year, together with the information referred to above. Details will also be provided of any certificates that were cancelled for a year (please refer to section 10 for information on the circumstances where a qualifying certificate that has already been issued may be subsequently cancelled).

4.1 Application for a qualifying certificate

To apply for a certificate, the applicant must use the [application form](#) provided by the Department of Agriculture, Food and the Marine (DAFM). Among the details required on the form are the applicant's name, address, TRN and a description of the equipment and its cost together with other information the Minister considers necessary.

5. Qualifying expenditure

Qualifying expenditure is the amount which the Minister considers to be a reasonable purchase price for the qualifying equipment.

6. Who can avail of the scheme?

Any person carrying on a trade of farming (i.e. companies and unincorporated businesses) who incurs capital expenditure on qualifying equipment between 1 January 2021 and 31 December 2026, and who has received a qualifying certificate from the Minister in respect of that equipment, can claim the accelerated capital allowances. Farming for these purposes is given the same meaning as in Part 23 TCA 1997 and means farming farmland, that is, land in the State wholly or mainly occupied for the purposes of husbandry, other than market garden land. A person who leases out their land cannot claim accelerated allowances under the scheme. The equipment must be owned by the business making the claim.

Certain entities are specifically excluded from claiming accelerated capital allowances under the scheme. These are:

- a person who is an undertaking² in difficulty³,
- a person who is part of an undertaking part of which is subject to an outstanding recovery order following a previous decision of the Commission of the European Union that declared an aid illegal and incompatible with the internal market, and
- a person who is part of an undertaking that is not an SME⁴.

7. How relief is claimed

Once all the conditions of the scheme have been met, a claim for the accelerated allowances can be made through the person's Income Tax Return (Form 11) or Corporation Tax Return (Form CT1) as appropriate. Separate fields are available on both forms for claims under section 285D TCA 1997. Details in relation to the unique identification number assigned to the qualifying certificate must be provided together with such other information as is necessary for the administration of the scheme.

² Undertaking means the relevant economic unit that would be regarded as an undertaking for the purposes of the Rescuing and Restructuring Guidelines. Rescuing and Restructuring Guidelines means the Communication of the Commission on Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (OJ No. C249, 31.7.2014, p.1).

³ Undertaking in difficulty is to be construed in accordance with section 2.2 of the Rescuing and Restructuring Guidelines.

⁴ SME has the same meaning as it has in Commission Regulation (EU) 2022/2472 of 14 December 2022 (OJ No. L327, 21.12.2022, p. 1).

8. Grants

Section 317 TCA 1997 applies to expenditure incurred under this section so that any grants received (including those under TAMS) would be deducted from the qualifying expenditure.

9. VAT

Generally, farmers can elect whether or not to register for VAT in respect of their farming business. If they are not registered for VAT, they may avail of the Flat-rate Farmers Scheme ('Scheme'). The Scheme is designed as an administrative simplification measure and allows unregistered farmers to add and retain a percentage charge (known as the "flat-rate addition") onto the amount they invoice VAT-registered businesses whom they supply with agricultural goods and services in the course of their farming business. As is normal for VAT-unregistered businesses, unregistered farmers are not entitled to reclaim VAT incurred on the various individual inputs used in their farming business.

There are certain limited situations, however, in which flat-rate farmers are specifically permitted to claim a refund of the VAT incurred by them on particular inputs. The Value-Added Tax (Refund of Tax) (Flat-rate Farmers) Order 2012 (S.I. No. 201/2012) is the relevant legislation. It allows for refunds to be claimed by VAT-unregistered farmers in relation to outlay on the following only:

- the construction, extension, alteration or reconstruction of farm buildings or structures.
- the fencing, draining and reclamation of farmland; and
- the construction and/or installation of qualifying equipment for the purpose of micro-generation of electricity for use in a farm business.

Tax and Duty Manual ("TDM") ['Flat-Rate Farmers Refund Order'](#) provides further guidance on the Refund Order.

Where a farmer is not registered for VAT, they are not entitled to make a claim for repayment of VAT on expenditure incurred on equipment used for the purposes of their farming trade. Where this is the case, under general capital allowances rules (section 319 TCA 1997), that person would be entitled to include the VAT paid as part of the capital expenditure incurred on the equipment.

However, for the purposes of this scheme it is only the VAT exclusive expenditure which will be certified by the Minister. The accelerated capital allowances available under this scheme can only be claimed on the expenditure as certified by the Minister (i.e. qualifying expenditure). Any farmer who is not entitled to claim VAT back on the purchase of qualifying equipment may claim the standard wear and tear allowances at a rate of 12.5% over 8 years on this element of the expenditure.

10. Annual budget

An overall annual budget for this scheme of €5 million (excluding VAT) applies. This means that under the scheme, in any one year, where the Minister receives applications, the aggregate total qualifying expenditure of which is in excess of the €5 million annual budget, the Minister cannot issue a qualifying certificate in relation to the expenditure (or part of the expenditure) incurred by the applicant(s).

Where this is the case, the applicant(s) will not be entitled to claim the accelerated wear and tear allowances available under section 285D TCA 1997 in relation to that expenditure. However, any applicant whose application was initially rejected for this reason may submit a new application the following year. Where the Minister issues a qualifying certificate in these circumstances, the applicant may claim the accelerated wear and tear allowances commencing in the year in which the provisions of section 284(1) TCA 1997 were met.

If additional funds subsequently become available for a particular year following an unsuccessful appeal(s) against a decision by the Minister not to issue a qualifying certificate(s) in another case(s), an application which was turned down for budgetary reasons in that year will be reviewed. Following such a review, qualifying certificates may be issued, for that year, to applicants who were initially unsuccessful. It may happen that an initially unsuccessful applicant may have made another application in respect of the same qualifying equipment in the following year which is successful. In such circumstances, if a claim has already been made for accelerated capital allowances on foot of a certificate issued for a year subsequent to the year in which the initial unsuccessful application was made, it will be necessary to amend the relevant return(s) to include the details of the certificate issued for the year of the initial unsuccessful application. This is necessary as DAFM will cancel the first issued certificate.

Additionally, if, following an unsuccessful application for a certificate, a person has made a claim for wear and tear allowances at the standard rate of 12.5% over 8 years but subsequently receives a qualifying certificate in relation to the qualifying equipment, it will be necessary to amend the relevant return(s) to disallow the standard rate allowances and claim the accelerated allowances.

Scenario 1:

John, a farmer, purchases a piece of qualifying equipment costing €200,000 (ex. Vat) in 2022 and puts it into use immediately. He applies to DAFM for a qualifying certificate, but it is not issued due to budgetary constraints in 2022. John re-applies for a certificate in early 2023 in respect of the same piece of qualifying equipment. He decides to file his 2022 Income Tax Return (Form 11) shortly afterwards. In these circumstances, John cannot claim the accelerated capital allowances in his 2022 return as he does not hold a qualifying certificate at that time. He can however claim wear and tear allowances at the normal rate of 12.5%.

A qualifying certificate issues later in 2023 in respect of the qualifying equipment purchased and put into use in 2022. John is now entitled to claim the accelerated allowances for 2022. He should amend his 2022 Income Tax Return to claim 50%⁵ of

the qualifying expenditure and to provide other details, including the unique identification number shown on the qualifying certificate. He should also amend the return to remove the wear and tear allowance claimed at 12.5%. He can claim the remaining 50% in his tax return for 2023.

Scenario 2:

John, a farmer, purchases a piece of equipment costing €200,000 (exc. VAT) in 2022 and puts it into use immediately. He applies to DAFM for a qualifying certificate, but it is not issued due to budgetary constraints in 2022. John re-applies for a qualifying certificate in early 2023 in respect of the same piece of qualifying equipment and receives the certificate shortly thereafter. John files his 2022 Income Tax Return and claims 50% of the qualifying expenditure and provides other details, including the unique identification number shown on the certificate.

Subsequently, additional funds become available for the 2022 budget for the scheme due to a number of unsuccessful appeals. DAFM review John's initial application. A qualifying certificate is issued in respect of John's first application in 2022. John now has two qualifying certificates relating to the same piece of qualifying equipment. The qualifying certificate issued on foot of John's first application in 2022 supersedes the certificate issued on foot of his application in relation to the same piece of qualifying equipment in 2023.

In these circumstances, John must amend his Income Tax Return for 2022 to provide the details, including the unique identification number shown on the qualifying certificate issued on foot of his initial application in 2022. This adjustment is necessary as DAFM will cancel the certificate issued in respect of the 2023 application.

11. Appeals process

The Minister may decide not to issue a qualifying certificate (for reasons other than the annual budget being exceeded) in certain cases. For example, the Minister could form the opinion that the equipment is not qualifying equipment. Alternatively, a certificate may be issued specifying an amount of qualifying expenditure which is less than the purchase price of the equipment. In any such case, the Minister will notify the applicant. The notification will state the reason for the decision and inform the applicant of their [right to appeal](#) the decision, the procedures for lodging an appeal and details of any related fees. If an appeal is not received within 21 days of the date of the notification, the decision not to issue a qualifying certificate, or to issue one for less than the purchase price of the equipment, becomes final.

12. Limit on relief and disclosure of information

There is a limit of €500,000 on the total amount of relief that can be granted to any person under this scheme. Additionally, where the total amount of relief granted to

⁵ This is the maximum of the qualifying expenditure that can be claimed in any one year i.e., John cannot claim the original 12.5% under section 284 plus the 50% provided for under section 285D.

a person in a chargeable period, and for any previous chargeable periods, exceeds €10,000, Revenue may disclose (for the purposes of complying with EU State aid rules) the following information:

- the name of the person,
- the sector of activity at NACE group level,⁶
- the territorial unit, within the meaning of the NUTS Level 2 classification specified in Annex 1 to Regulation (EC) No 1059/2003 (as amended), in which the person is located,⁷ and
- the year in which the relief is granted.

For the purposes of calculating the amount of relief granted to a person in a chargeable period the following formula is used:

$$R = A - B$$

Where –

“R” = the amount of the relief granted to the person in the chargeable period,

“A” = the amount of relevant tax⁸ that would be payable by the eligible person⁹ for the chargeable period, but for subsection (14)¹⁰, and

“B” = the amount of relevant tax payable by the eligible person for that chargeable period.

DAFM is obliged to share details of the certificates issued each year with Revenue, including, in relation to each certificate, the information specified on the certificate. This information may be used by Revenue to review claims.

The data shared will contain personal data including the name, address and TRN of the farmer, along with the certificate number and the details of the equipment purchased and the qualifying expenditure. This is to ensure that each individual farmer partaking in the scheme has a unique identification number. In the case of an individual, their TRN will be that person’s Personal Public Service Number (PPSN). The use of the TRN will allow the individual claim to be matched accurately, processed, and will ensure that the relevant capital allowances are being claimed.

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006R1893&from=en>

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R1755&from=EN>

⁸ Corporation tax or income tax, USC and PRSI, as appropriate.

⁹ A person carrying on a trade of farming.

¹⁰ The subsection that provides for the accelerated allowances.

Appendix 1 - Schedule 35 TCA 1997

Equipment type (1)	Description (2)
<p>Hydraulic linkage arms mounted tractor jacking systems.</p>	<p>An agricultural tractor jacking system that uses either the rear or front mounted lower linkage arms to enable an agricultural tractor to be lifted so that one or more wheels may be replaced on the agricultural tractor. The jacking system shall bear CE marking in accordance with Article 16 of the machinery Directive¹¹ and be in conformity with the requirements of that Directive.</p>
<p>Big bag (equal to or greater than 500kg) lifter, with or without integral bag cutting system.</p>	<p>Lifting system for bags of fertiliser or seed of 500kg mass or greater. The system shall be mounted on either the three-point linkage of an agricultural tractor, front loader of an agricultural tractor or mounted on a fertiliser or seed drill. The lifter shall be capable of securely holding the bag and raising the bag over a fertilizer spreader or seed drill. The system may have an integral system for automatically opening the bag. The lifting system shall bear CE marking in accordance with Article 16 of the machinery Directive and be in conformity with the requirements of that Directive.</p>

¹¹ "machinery Directive" means Directive 2006/42/EC of the European Parliament and of the Council of 17 May 2006 on machinery, and amending Directive 95/16/EC (recast).

Chemical Storage cabinets.	A storage cabinet fitted with a locking device and integral bund for the storage of pesticides and other chemicals. The cabinet may be made of metal or hard plastic, or a combination of both. The cabinet shall be suitably vented to prevent a build-up of fumes.
Animal anti-backing gate for use in cattle crush or race.	Device to be mounted on the side of a cattle crush or cattle crush race to prevent an animal from reversing along the cattle crush or cattle crush race. The device shall allow an animal to pass up along the cattle crush or cattle crush race and shall be either automatically or manually moved into position once an animal has passed.
Quick hitch mechanism for rear and front three-point linkage to enable hitching of implements without need to descend from tractor.	A one-part or two-part system to enable the hitching of implements to an agricultural tractor three-point linkage without having to descend from the agricultural tractor. The system shall be connected to the three-point hydraulic linkage of the agricultural tractor and enable the agricultural tractor to link to an implement. The system shall bear CE marking in accordance with Article 16 of the machinery Directive and be in conformity with the requirements of that Directive.
Provision of access lift, hoist or integrated ramp to farm vehicle ¹² , including modified entry when required.	Provision of an integrated ramp, lift or hoist to facilitate access to a farm vehicle by a disabled person. The system may incorporate a modified side or rear entry to enable access.

¹² "farm vehicle" means an agricultural tractor, agricultural self-propelled machine, all-terrain vehicle or utility terrain vehicle

	The lift or hoist system shall bear CE marking in accordance with Article 16 of the machinery Directive and be in conformity with the requirements of that Directive.
Wheelchair restraints.	Provision of wheelchair restraints within a farm vehicle.
Wheelchair docking station.	Provision of wheelchair docking station within a farm vehicle.
Modified controls to enable full hand operation of a farm vehicle.	Extensive reconfiguration of primary controls necessary to enable a farm vehicle to be driven and operated by a disabled person.
Modified seating to enable operation of a farm vehicle.	Provision of an extensively modified seat to enable operation of a farm vehicle by disabled person.
Additional steps to farm vehicle or machinery to provide easier access.	Additional steps to farm vehicle or machinery to provide easier access. The additional steps shall bear CE marking in accordance with Article 16 of the machinery Directive and be in conformity with the requirements of that Directive.
Modified farm vehicle or machinery controls to enable control by hand or foot.	Extensive reconfiguration of controls necessary to enable a farm vehicle or farm machinery to be operated by a disabled person.
Hydraulically located lower three-point linkage arms.	Provision of a hydraulic system to control the location of the lower three-point linkage arms of a farm vehicle.
Fixed sheep handling unit.	A fixed sheep handling unit to hold sheep for treatment, built in accordance with Department of Agriculture, Food and the Marine structures

	<p>specifications S100, S129, S136 and S136A as published on a website maintained by or on behalf of the Minister for Agriculture, Food and the Marine or the Government.</p> <p>The fixed unit must consist of at least two pens and a race with gates at each end. It may also include a fixed footbath, a fixed rollover crate, a fixed weighing scales and a dipping tank.</p>
Fixed cattle crush or cattle crush race.	<p>A fixed cattle crush or cattle crush race including skulling gate and backing gate to hold animals for treatment, constructed on new or existing concrete and built in accordance with Department of Agriculture, Food and the Marine structures specifications S100, S129 and S137 as published on a website maintained by or on behalf of the Minister for Agriculture, Food and the Marine or the Government.</p> <p>The race may be double sided or, if constructed alongside an existing wall, single sided.</p>
Calving gate.	<p>A calving gate, used to restrain a cow during calving or afterwards to enable safe treatment of the cow or calf, or both, constructed and fitted in accordance with Department of Agriculture, Food and the Marine structures specification S138 as published on a website maintained by or on behalf of the Minister for Agriculture, Food and the Marine or the Government.</p>
Flood lights for farmyards.	<p>Flood lights in a farmyard to provide a safe working environment during low light or darkness, installed and certified to be in compliance with the National Rules for Electrical Installations (I.S. 10101) as published by the National Standards Authority of</p>

	Ireland. The flood lights shall be either metal-halide or LED with a lux output equal to or greater than a 200W halogen light
Livestock monitors.	A fixed livestock monitoring camera which remotely connects to a smart phone or a computer to enable remote monitoring of livestock giving birth and fitted in accordance with Department of Agriculture, Food and the Marine structures specification S147 as published on a website maintained by or on behalf of the Minister for Agriculture, Food and the Marine or the Government.
Sliding door or roller door for agricultural buildings.	A new sliding door or roller door on an agricultural building to provide safe access, constructed and fitted in accordance with Department of Agriculture, Food and the Marine structures specifications S101 and S102 as published on a website maintained by or on behalf of the Minister for Agriculture, Food and the Marine or the Government.