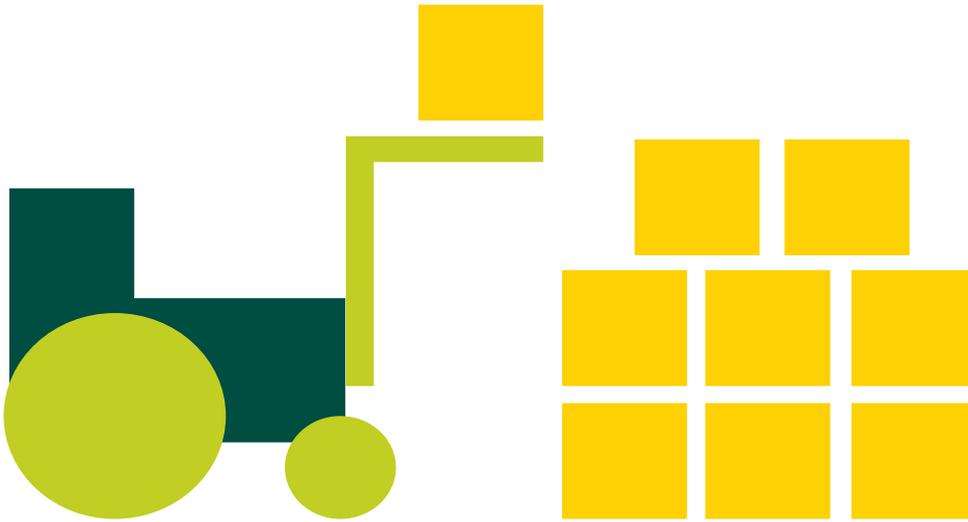


Case study

Rural and agriculture sector



High wheat,
high profits...
but not high
tax.

A family farming partnership spanning two parents and their son found that increasing wheat prices were driving profits up, pushing them into the 40% tax bracket. The family wanted to take action to avoid paying 40% tax.

EXPLORING THE OPTIONS

One option when a partnership or sole trader is pushing into the 40% tax bracket is usually to consider using a limited company in some way, because you can take advantage of the lower corporation tax levels for small business.

However, in this case the family were comfortable with the partnership and didn't want to change into a more complicated structure. They needed another solution.

EXPANDING THE PARTNERSHIP TO CUT THE TAX

The option that the family finally settled upon was to include the son's wife as a new partner. She worked for the farm full-time, having gradually taken on more and more responsibilities over a few years.

The introduction of a new partner meant that the earnings would be split across four partners instead of three, reducing the income levels for everybody, bringing them all below the 40% tax threshold.

The introduction of a new partner gave a real boost to family income.

IS YOUR FARM PAYING TOO MUCH TAX?

Farming businesses are unique and require specialist understanding of the tax rules for both business and farming.

THE NEXT STEP

For further information or to arrange a meeting to discuss your specific requirements, please contact one of our specialists:
<http://rural-and-agriculture.uhy-uk.com>.

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