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ifac

IRISH FARM REPORT 2026

2 IN 5
farmers do not have a formal successor

1 IN 3
farmers are unaware of their potential tax liability for 2026

70%
of farmers do not prepare budgets

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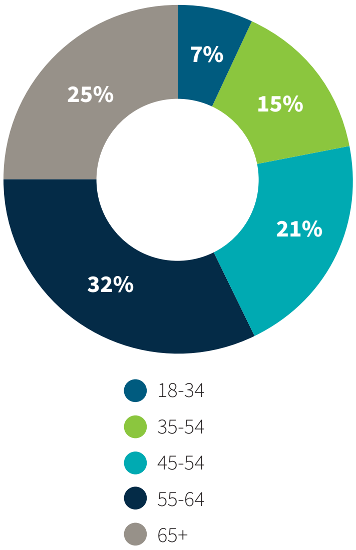
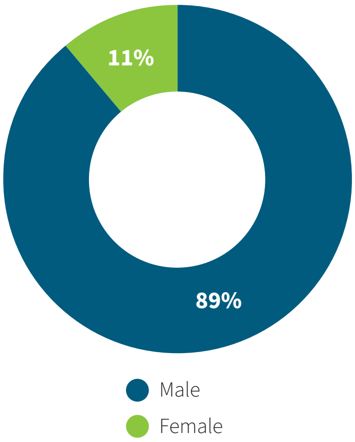
OUR RESEARCH

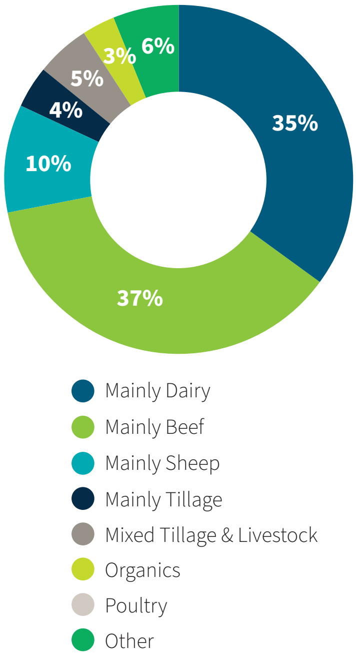
AGE



GENDER



SECTOR



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Front cover picture: David Heraty, Sheep Farmer, Mayo

FOREWORD

John Donoghue,
CEO

Welcome to *ifac's* Irish Farm Report 2026, our eighth annual survey capturing the experiences, concerns, and ambitions of farm families across Ireland. Once again, our findings show the resilience and determination that define Irish agriculture. Farmers continue to adapt to shifting regulations, evolving market conditions, and ongoing cost pressures, while also positioning their businesses for new opportunities in an increasingly complex global environment.

Regulatory change remains an important factor for many, particularly within the dairy sector, where the extension of Ireland's nitrates derogation provides short-term certainty as farms adjust to evolving environmental requirements. Progress on water quality will depend on continued collaboration across all contributing sectors, and farmers remain committed to playing their part in maintaining Ireland's reputation as a high-quality, sustainable food producer.

Livestock sectors have benefitted from firm market conditions, reflecting supply dynamics across Europe. At the same time, international trade developments continue to shape the strategic landscape, reinforcing the importance of competitiveness and strong market access. The shadow of the Mercosur deal looms large, with farmers and processors closely monitoring its potential implications for beef imports and market stability. The war in Ukraine has pushed food security up the EU's policy agenda, though at times it can feel as if ensuring volume takes precedence over recognising the importance of where that food comes from. Ireland's reliable, highly productive, pasture-based system should be cherished and remain a pillar of EU food security.

The tillage and horticulture sectors face a different set of challenges, including input cost volatility, exposure to global grain markets, and pressure on margins. The tillage sector's contribution to crop diversification, animal feed security, and soil health isn't fully recognised. The horticulture sector remains at the bottom of the retail grocery hierarchy, driving volume and supporting higher-margin, often imported products.

Strengthened policy support and commercial partnerships will be central to sustaining these sectors over the coming years.

Generational renewal features strongly again in this year's findings. With an ageing farming population and many families assessing long-term transition, structured planning and early advice are essential. National and EU initiatives — including the recent Commission on Generational Renewal in Farming — underline the importance of a comprehensive approach covering education, taxation, land mobility and financial readiness. Ensuring that younger farmers can access the skills, resources, and opportunities they need will be vital for long-term sector sustainability.

Across all sectors, financial planning is becoming more essential. Expansion, sustainability measures, and compliance requirements all involve significant investment. Farmers who actively budget and monitor cashflow are better equipped to navigate uncertainty and make informed decisions that strengthen their business resilience.

Despite the challenges, confidence in the future of Irish agriculture endures. Irish farmers produce exceptional food to recognised quality standards, and both EU and UK markets should prioritise trustworthy, secure supply chains. With continued focus on innovation, skills, infrastructure, and long-term planning, the sector is well placed to meet future demands and support thriving rural communities.

Thank you to all who participated in this year's survey. Your insights are invaluable and shape the conversations that matter for the future of Irish farming. We are also grateful to Philip O'Connor, Noreen Lacey, and the wider *ifac* team for their commitment to delivering this Report, and to our Co-Op members for their ongoing support.

We hope you find this year's Report informative and constructive, and we welcome your feedback.

GENERATIONAL RENEWAL AND THE FUTURE OF IRISH FARMING

The challenge of generational renewal in farming has been widely recognised at both national and EU level. The Programme for Government prioritises supporting inter-generational farm succession. Food Vision 2030, our shared strategy for the agri-food sector, states that generational renewal in farming is critically important to ensure the future viability and social sustainability of the Irish agri-food sector and of rural Ireland.

Ireland provides a range of supports, including initiatives under the current CAP Strategic Plan, a suite of strong taxation measures, access to finance, as well as advisory and education & training supports. Despite this support, the average age of farmers continues to rise. The most recent figures show that only 4.35 % of farmers are under 35 years of age, and some 37% of farmers are over 65.

In September, I launched the Report of the Commission on Generational Renewal in Farming. Generational renewal, including farm succession, is a complex issue and there are many factors involved.

The Commission on Generational Renewal in Farming was established to examine this issue and has produced a thorough analysis and made 31 recommendations across a wide range of areas including CAP Supports; Pensions; Taxation; Access to Finance; Access to Land; Collaborative Arrangements; Advisory Services; Education and Training; Gender Balance; and the Overall Attractiveness of the Sector. These recommendations will be carefully considered by an implementation group in my Department who will engage with agricultural stakeholders and the relevant public bodies. While some recommendations are for consideration in the context of the next CAP, it is hoped that others can be progressed in a shorter timeframe. Some of the taxation recommendations have already been considered and progressed in Budget 2026.

The EU Commission has also published a new Strategy for Generational Renewal in Agriculture. We welcome this increased focus, and the new strategy comes to many of the same conclusions as our own Commission. It is clear that generational renewal needs to be looked at holistically and, while important, not just through the lens of CAP supports. Much of the work we have already completed ensures we have a comprehensive, well-considered foundation for future policy on generational renewal.

Agriculture and the agri-food sector are hugely important to our economy and our society. While the statistics show that farmers are getting older, there are many young people involved in farming - I meet them every day. I am optimistic for the future as attracting the next generation of farmers is critical to ensure that the agri-food sector remains vibrant and sustainable into the future.

Martin Heydon
Minister for Agriculture, Food and the Marine
Government of Ireland

INTRODUCTION

Philip O'Connor,
Head of Farm Support

2025 was another year of mixed outcomes for Irish farmers. While output prices were strong for much of the year across a number of sectors, volatility remained a defining feature, with significant variation both within and between enterprises as the year progressed.

The dairy sector performed very strongly for most of 2025, supported by favourable milk prices and solid production levels. However, this position weakened considerably towards the latter part of the year as milk prices fell back. As we move into 2026, maintaining strong working capital, or access to sufficient cash, will be critically important for dairy farmers. With prices under pressure, cashflow management will be key to meeting day-to-day commitments and funding ongoing investment requirements.

Succession planning continues to be one of the most persistent challenges facing Irish farming. Over the eight years of publishing our Irish Farm Report, succession has remained a central issue, despite the sector experiencing major events such as Brexit, Covid-19, high inflation and historically strong milk and livestock prices. While external conditions have changed, the underlying concerns around farm viability and the lack of interest from the next generation have not. So it is no surprise that generational renewal forms a core part of our 2026 report.

This year, we highlight a number of practical and insightful case studies from farmers across multiple sectors who have taken different approaches to managing succession. As Emma Dooley outlines on page 19, there is a growing need for farmers to consider alternative arrangements such as share farming, partnerships and options where the "farmer" and "owner" might not necessarily be the same person.

Environmental compliance and nitrates continue to feature prominently. While recent developments have provided some short-term certainty around nitrates, these issues are not going away. Rules and regulations remain one of the top concerns across all farm sectors. Looking ahead to 2026, slurry storage capacity is becoming an increasingly significant challenge. The cost of developing additional storage is substantial and will place further financial pressure on many farm businesses. Diarmuid Brannock highlights on page 33 the scale of these costs and the implications for future investment planning.

Cost control is a recurring theme throughout this report. With dairy prices now more subdued, understanding and managing costs is more important than ever. While beef prices have risen significantly in recent times and the short-to-medium-term outlook remains positive, as outlined by Karol Kissane on page 27, the cost of purchasing replacement stock has also increased sharply. This results in large amounts of cash being tied up in stock, increasing overall financial risk. Trevor Boland examines on page 29 how rising prices are impacting beef farmers' tax liabilities and the importance of managing this exposure. Against this backdrop, it is concerning that 70% of farmers surveyed are not actively budgeting or closely monitoring cashflows.

Finally, as we publish this report, the proposed Mercosur deal is a major concern for livestock sectors, particularly in terms of its potential long-term impact on beef prices within the EU. Careful planning, strong financial management and informed decision-making will be essential as farmers navigate the challenges ahead.

KEY TAKEAWAYS 2026

OUTLOOK

RULES AND REGULATIONS

REMAINS THE BIGGEST CONCERN FOR FARMERS FOLLOWED CLOSELY BY INPUT/OUTPUT PRICES

ENVIRONMENT

44%

STATE THAT RENEWABLE ENERGY TECHNOLOGY WILL HAVE THE BIGGEST IMPACT ON FARM IN THE NEXT 5-10 YEARS

OUTLOOK

67%

INTEND TO REMAIN IN FARMING OVER THE NEXT 5 YEARS AND 23% ARE UNSURE, UNCHANGED FROM LAST YEAR

SUCCESSION

26%

OF FARMERS BELIEVE THE TOP BARRIERS TO SUCCESSION ARE BUSINESS VIABILITY AND LIFESTYLE NOT APPEALING TO THE NEXT GENERATION

SUCCESSION

52%

OF FARMERS IN PARTNERSHIPS HAVE IDENTIFIED A FARMING SUCCESSOR

SUCCESSION

2 IN 5

FARMERS DO NOT HAVE A FORMAL SUCCESSOR

SUCCESSION

WILL

2 IN 5

DO NOT HAVE A WILL IN PLACE

SUCCESSION

28%

OF THOSE WITH NO SUCCESSOR WOULD CONSIDER LEASING OUT LAND, 25% WOULD SCALE BACK FARM OPERATIONS

SUCCESSION

1 IN 4

DON'T HAVE A PRIVATE PENSION IN PLACE

SUCCESSION

3 IN 5

FEEL HAVING A PERSONAL PENSION HELPS IN SUCCESSION PLANNING

EMPLOYMENT

84%

WITH NON-FAMILY WORKERS RELY ON WORD OF MOUTH FOR RECRUITMENT

TECHNOLOGY

43%

HAVE USED TECHNOLOGY TO MINIMISE CHEMICAL INPUT ON FARM

EMPLOYMENT

32%

ARE UNFAMILIAR WITH THE UPCOMING AUTO ENROLMENT PENSION SCHEME, WHILE 31% UNDERSTAND THE NEED BUT ARE CONCERNED ABOUT THE COSTS

FINANCES

1 IN 3

ARE UNSURE OR NOT CONFIDENT THAT THEY'RE PENSION WILL PROVIDE SUFFICIENT INCOME IN RETIREMENT

FINANCES

70%

OF FARMERS DO NOT PREPARE BUDGETS

FINANCES

30%

STATED THEY ARE BUILDING CASH RESERVES, 1 IN 3 SPENDING ON CAPEX

FINANCES

1 IN 3

ARE UNAWARE OF POTENTIAL TAX LIABILITY FOR NEXT YEAR

LIFESTYLE

93%

OF FARMERS WOULD ENCOURAGE SOMEONE INTERESTED IN FARMING TO PURSUE AN AGRI QUALIFICATION

OUTLOOK

61%

OF FARMERS ARE POSITIVE ABOUT THE FUTURE, AT IT'S HIGHEST RATE IN 5 YEARS

2026	2025	2024	2023	2022
POSITIVE	POSITIVE	POSITIVE	POSITIVE	POSITIVE
61%	51%	46%	56%	58%

SECTOR ANALYSIS

DAIRY

1 IN 2

DAIRY FARMERS SEE GRASSLAND INFRASTRUCTURE AS THEIR NUMBER ONE INVESTMENT FOLLOWED BY SLURRY STORAGE AT 2 IN 5

28%

OF DAIRY FARMERS WHO DO NOT HAVE A SUCCESSOR SAY THEY WOULD CONSIDER SHARE FARMING OR A PARTNERSHIP AS AN OPTION

35%

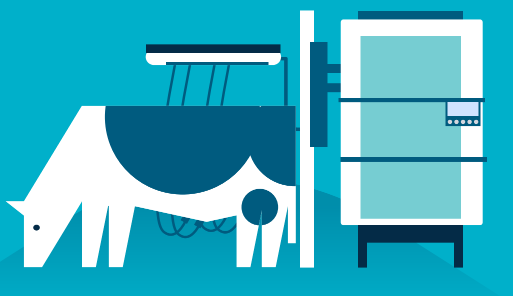
OF DAIRY FARMERS CLAIM THAT THE LIFESTYLE IS NOT APPEALING TO THE NEXT GENERATION – UP 5% ON 2025

1 IN 5

DAIRY FARMERS ARE UNAWARE OF THE IMPACT THAT 2025 PROFITS WILL HAVE ON THEIR TAX BILL FOR 2026

61%

OF DAIRY FARMERS SAY THE BIGGEST CHALLENGE FOR THEIR FARM IS RULES, REGULATIONS AND BUREAUCRACY FOLLOWED BY 47% SAYING INPUT/ OUTPUT PRICES



BEEF

28%

ARE PLANNING TO TRANSITION THE FARM TO THE NEXT GENERATION

1 IN 3

SAY THAT THE BIGGEST BARRIER TO SUCCESSION IS BUSINESS VIABILITY

57%

ARE OPTIMISTIC ABOUT THE FUTURE, AT IT'S HIGHEST SINCE OUR REPORT BEGAN

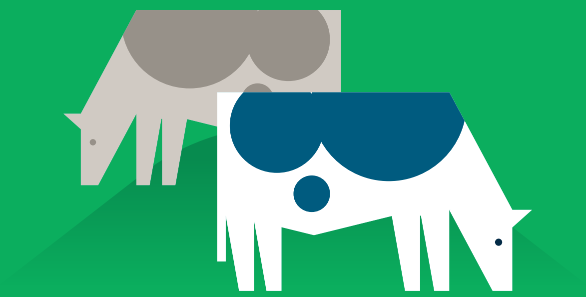
25%

OF BEEF FARMERS WOULD LIKE TO INCREASE ANIMALS

84%

OF BEEF FARMERS SAID THAT THE SECTOR WOULD BE MARGINAL OR UNVIABLE WITHOUT SUBSIDIES. IF SUBSIDIES WERE REMOVED OR REDUCED, BEEF FARMERS WOULD:

- 1 IN 3 WOULD REDUCE NUMBERS
- 1 IN 4 SEEK MORE OFF FARM WORK
- 1 IN 6 LEAVE SECTOR



SHEEP

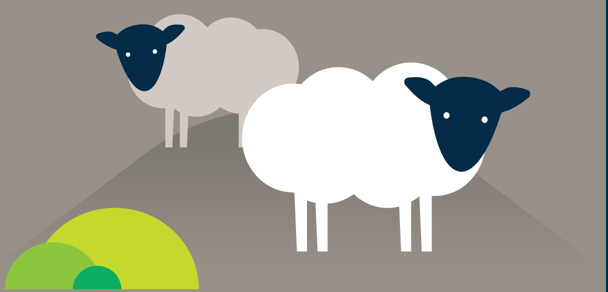
17%
OF SHEEP FARMERS UNSURE IF FARMING IN 5 YEARS TIME, A DECREASE ON LAST YEAR

44%
OF FARMERS CITED INPUT/OUTPUT PRICES AS THEIR BIGGEST CHALLENGE, FOLLOWED BY RULES AND REGULATIONS (33%) AND BALANCING OFF-FARM EMPLOYMENT (30%)

1 IN 3
OF SHEEP FARMERS HAVE NOT IDENTIFIED A SUCCESSOR YET

36%
SAY THE BIGGEST BARRIER TO SUCCESSION IS BUSINESS VIABILITY

72%
SAID BUSINESS WOULD NOT BE VIABLE IF SUBSIDIES WERE REMOVED, WITH 1 IN 3 SAYING THEY WOULD HAVE TO EXIT THE SECTOR IF SUBSIDIES WERE REDUCED OR REMOVED



TILLAGE

5 IN 6
TILLAGE FARMERS STATE INPUT AND OUTPUT PRICES AS THEIR BIGGEST CHALLENGES FOR THEIR FARM IN 2026

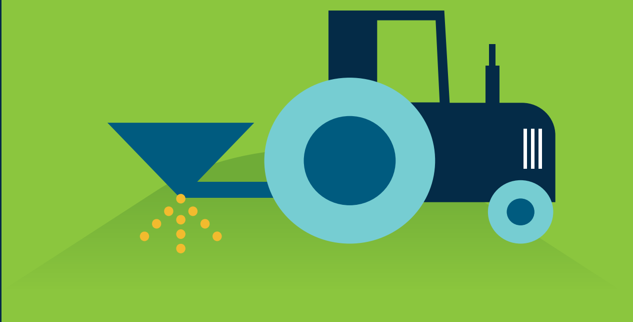
1 IN 4
TILLAGE FARMERS HAVE NOT IDENTIFIED A SUCCESSOR, WITH 1 IN 2 OF THIS COHORT SAYING THEY WOULD CONSIDER LEASING LANDS AS AN OPTION

1 IN 3
OPTIMISM IS VERY LOW WITH ONLY 1 IN 3 SAYING THEY ARE POSITIVE OR VERY POSITIVE FOR 2026

30%
STATED BUSINESS VIABILITY BIGGEST CHALLENGE TO SUCCESSION

ONLY 14%
OF TILLAGE FARMERS ARE LOOKING AT INCREASING AREA IN 2026

- 14% ARE LOOKING DECREASE AREA
- 72% ARE HOPING TO MAINTAIN LAND AREA



SUCCESSION PLANNING – WHERE TO START?

Robert Johnson,
Tax Partner, Agri

Have you heard all the talk about Generational Renewal? The commission set up for Generational Renewal, articles talking about Generational Renewal, ministers and farm organisations hosting conferences on Generational Renewal. It's on everyone's lips, but what is Generational Renewal? It's the new way to talk about succession and succession planning and how we make space for the next generation of farmers to come through and make their mark.

Just under 6% of Irish farm holdings are operated by a farmer under the age of 35 and 33% are still operated by a farmer over the age of 65. The average age of a farmer in Ireland is 59 years of age*.

So, let's talk succession planning and the reasons that this might be the case. Why is it so hard to shift the dial on getting the average age of farmers down?

Succession planning is more than just transferring assets to the next generation. It's about how much you need to hold onto for security purposes, when the farm should transfer, how do I provide for other successors who aren't getting the farm, what happens if I die early, what happens to my spouse if I die early, how much money do we need to live off in our retirement and where is it going to come from, what if I need to go into a nursing home or I lose capacity and what if I don't have a farming successor.

That's an awful lot of things to think of and to plan around and isn't possible to deal with in one article.

So where to start on succession planning/ your Generational Renewal Journey?

1. Income in retirement
2. Your security
3. Your Will

FIRST THINGS FIRST – PENSIONS & WHY THEY MATTER

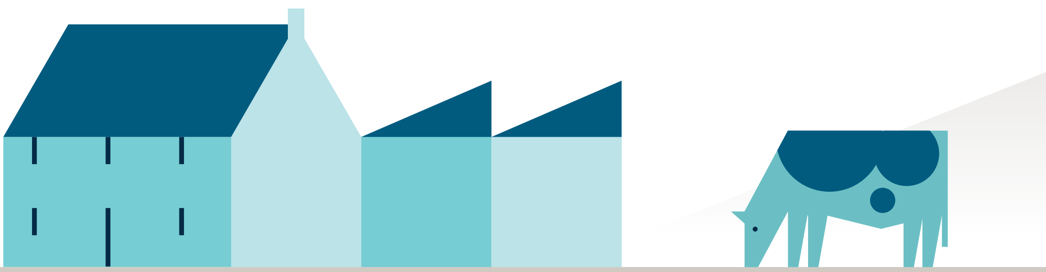
So, let's start with the basics. The first thing to think of is yourself, your lifestyle and your security.

The first step you should be taking towards succession planning is making sure that you'll have a pension for your retirement and starting this pension should be done as early as possible. If your pensions aren't sufficient to maintain you during your retirement, then you are going to be looking to continue getting money from the farm in your retirement. This might be from leasing out the land (very tax efficient to a third party and inefficient to a family member), getting maintenance payments from your successor (very inefficient for succession taxes), continuing farming or selling the farm.

If you have a farming successor, then selling the farm isn't an option and leasing out the farm isn't a good option whether it's to a third party or to your successor. This leaves staying on farming (either as the sole farmer or in partnership with the next generation) or transferring the land subject to maintenance payments. Seeing as the maintenance payments can cause all sorts of difficulties from a capital tax perspective; they are difficult to enforce when needed and can cause income tax issues. The usual scenario is that it's best to stay on farming. It's hard to ask to get the older generation of farmers off the land if there is not enough money in the pot.

Clearly, it's important for future succession plans that you have adequately provided for your income although this is easier said than done.

** Teagasc National Farm Survey*



WHAT TO TRANSFER?

The next step is to consider your own security. You have the farmhouse; you have the farm and (hopefully) you have your pension. Until the old age pension kicks in it's unlikely that your own private pension will be sufficient and as the OAP doesn't commence until your 66th birthday it's unlikely you will give up the reins fully until this date. Even when you do all your capital wealth may be tied up in the farm and the house.

While it is tax efficient to transfer a farmhouse with the land to your farming successor it is a big risk from your own security perspective regardless of the protections you put in the transfer. When a farmhouse transfers with land then Agricultural Property Relief can apply which reduces the taxable value by 90%. Where it transfers after the land then no relief may apply. So how do we make a plan that balances the security of maintaining ownership of the house against the tax efficiency of the inheritance of the successor? Generally, we would recommend retaining the house and the surrounding portion of the farm to be passed on by inheritance, with the majority of the farm transferring at a later stage when you are ready to step back.

This balances the security between the successor and the retiring generation, but consequently it can still make tax sense for the retiring generation to stay farming with the successor through a partnership.

WHERE THERE'S A WILL THERE'S A WAY

Another item to plan for from the start is your Will. If you are married with children and you pass away without a Will then your estate (assets) is divided 2/3rds to your spouse and 1/3rd to your children. Whether you are in your 30's with a young family or in your 60's with adult children this is not an ideal situation and can cause a lot of difficulties for your surviving spouse and for any farming successor you might have. Especially if your children don't always see eye to eye.

A Will is a living document that should be amended throughout your life as major life events happen and as your plans for succession mature.

42% of all farmers do not have a Will

34% of famers over the age of 45 still do not have a Will

60% of farmers believe having your own personal pension plan makes succession planning easier

OUR ADVICE TO START SUCCESSION PLANNING

The first and most important thing to consider when planning for succession is your own security and your lifestyle. Start early with a pension, and planning for your retirement and succession will become significantly easier.

HOW A CASE OF UNPLANNED SUCCESSION HAS ENDED UP WITH A SHINING EXAMPLE OF MAKING EVERY POSSIBLE CENT FROM SHEEP

WILL

60% of sheep farmers don't have a Will in place.

- **Sheep farmer** in the West of Ireland
- **300 ewes** and finishing circa thousand store lambs each year
- **45 hectares** owned with access to additional local short-term leases
- He also operates a successful **shearing contracting business**

DAVID HERATY LOST HIS FATHER AT A TRAGICALLY YOUNG AGE BUT HAS GONE ON TO CREATE AN OPERATION THAT IS A FITTING TRIBUTE TO HIM

In April 2012, at 21 years of age, David Heraty was studying product design in Letterkenny. He was undecided if he wanted to follow his father into sheep farming, but fate had different plans. David's seemingly healthy father died suddenly, aged just 54, leaving his wife and three children – David and two younger sisters in secondary school.

With no Will in place, this untimely death was followed by a raft of problems, and David makes a very strong plea to young farmers to ask their parents outright if they have a will, and what their intentions are. "I teach the Green Cert, which has a module on succession, and I always say that succession is about early communication."

David makes a very strong plea to young farmers to ask their parents outright if they have a Will

Since that terrible day in 2012, however, David has been the driving force behind the farm. It initially went into the ownership of his mother, who transferred it to him in 2022. By any objective criteria, he is now one of the more successful sheep farmers in the country. He was nominated as a finalist in the 2025 Young Farmer of the Year Awards and a winner of the Land Mobility Award.

David Heraty

When he took over, there were 120 ewes on 45 hectares. He's currently running 300 ewes, and he buys in store lambs, finishing between a thousand and twelve hundred each year in a shed that he built in 2019. He also has access to short-term leasing through the Land Mobility scheme. He operates on a short turnaround, getting sheep in and out in just five to six weeks, operating an ad lib feeding system. He lambs in mid-April, when grass growth is well advanced with the aim of maximising grass intake and reduce concentrate costs.

There is no hired help on the farm and David has invested in automation to make sure it stays that way. And with an eye to diversity, he also runs a successful shearing contracting business. He did a shearing course early on in his farming life and immediately fell in love with it. Now, he and his team are shearing up to 25,000 sheep each year.

He also spotted an opportunity in breeding New Zealand Romneys, which are famous for their higher-than-average wool yield and the softness of their wool. David explains that a typical sheep produces two to two and a half kilos of wool, while the Romney yields 5 kilos. He collaborates with Eriu, an Irish luxury wool yarn and blankets company, and the relationship is very successful for both parties. He's also a supplier to the Connemara Lamb brand, which has a European Protected Geographical Indication (PGI) status and offers an extra premium per animal.

Tax planning is an ongoing conversation he is having with his local *ifac* accountant, Donal Halleran, as they explore the possibility of a limited company to manage income tax. Asked to comment on the future of the sheep sector, he expresses some concerns about the rising prices of meal and fertiliser and is disappointed in the cutting of some farm support from government. Nevertheless, he sees great opportunity within the sector. "We've got a lot of marginal land in the West, and we've built a resilient sheep flock that - with good breeding – yields both wool and meat for relatively low input costs. Overall, I'm confident in my ability to provide a good living for my family of three young children, and yes, I have a Will made."

"Overall, I'm confident in my ability to provide a good living for my family of three young children, and yes, I have a Will made."

HOW DOES SUCCESSION AFFECT THE MODERN FARMER?

Philip O'Connor,
Head of Farm Support

Succession planning remains one of the most complex challenges in Irish agriculture. While some families are ahead of the game, many are still unsure where to begin.

Key succession insights from our 2026 Irish farm report

- **1 in 3** farmers have chosen a successor.
- **1 in 5** farmers do not have a successor at all.
- **1 in 5** have a possible successor but no decision made.
- **1 in 5** families say it is too early to decide as the children are still young.
- Just **1 in 25** farms have picked a non-farming successor.

For most farming families, succession is not a single event but a journey – one that can span years, involve strong emotions, and raise legal, financial and social questions. Each of these can complicate or delay the process.

Every family is different, but the same issues come up time and again.

COMMON CHALLENGES FACING FARMING FAMILIES

1. The realities of supporting two families

For 1 in 4 farmers, the farm simply does not generate enough income to support two generations at the same time. While this has improved compared with two years ago, it remains a major roadblock.

The average Irish farm is 35 hectares, and the average dairy farm has about 99 cows. That might support one family, but stretching it to cover two – or even three – generations is undeniably difficult.

2. Farm work not appealing to the next generation

Farming involves long hours, physical work and an unpredictable income. It is not surprising, therefore, that 1 in 4 farmers say the lifestyle doesn't appeal to the next generation. That figure has risen sharply since the previous year and is now the number one challenge for succession planning – the first time it has taken the top spot since the Irish Farm Report began seven years ago.

1 in 8 farmers say their children have no interest in the business at all.

3. It's difficult to talk about

No one wants to open a can of worms at the kitchen table, but avoiding the conversation does not make things easier.

About 1 in 14 farmers say succession is too sensitive a topic to bring up. That number has improved slightly, but it still shows how difficult these discussions can be.

4. "I don't know where to start"

Around 1 in 12 farmers admit they simply do not know how to plan for succession. This underlines the need for clear, practical guidance to help families find a way forward.

5. The children are too young

More than 1 in 5 families say they cannot make a decision yet because their children are too young. While this is understandable in many cases, it also highlights the importance of starting early, so there is a framework in place when the time comes to make decisions.

6. Options considered with no successor/non-farming successor

Interestingly, 1 in 3 farmers would consider leasing the farm if no family member was interested in directly farming the land. With 30% of farmers continuing to farm at a smaller scale.

However, it is not all bad news. There are some positive trends worth noting:

- **More farms are picking successors** – Nearly 1 in 3 farms now have a farming successor, a small but encouraging step forward.
- **More families are tackling tough conversations** – The number of farmers avoiding the topic is falling, showing that awareness and action are improving.
- **Half of farmers in partnerships have a clearly defined successor** – This strongly suggests that the partnership model supports better succession planning.

WHERE TO BEGIN: 4 PRACTICAL STEPS

If you are unsure where to start, these four steps can help:

1. Have the conversation

Talk early and talk openly. Sit down with your family and discuss:

- Is the next generation interested in farming?
- What do they want?
- What do you want?

These conversations can take time, so do not rush them – but putting them off helps nobody.

2. Run the numbers

Look at the financial reality. Can the farm support two generations? Is off-farm income needed? Understanding the numbers helps you see what is possible and what needs to change.

3. Explore other options

If a full transfer is not realistic in the short term, consider alternatives such as:

- Farm partnerships
- Share farming arrangements
- Long-term leasing
- Off-farm employment for one or more family members

4. Know your tax relief

Succession and inheritance tax reliefs can make a significant difference. Early planning helps you:

- Maximise available reliefs
- Avoid unnecessary tax costs
- Structure the transfer in a tax-efficient way

WHY YOU SHOULDN'T WAIT

Sorting out succession takes time, so the sooner you start, the better. Getting ahead of it gives you space to:

- Work through family discussions without pressure.
- Make the most of tax reliefs and avoid unnecessary costs.
- Prepare the next generation to take over when the time comes.

Talking about succession might feel awkward, but it is one of the most important things you will do for your farm. Without a plan, you are leaving the future of the farm – and all your hard work – up in the air.

"The report from the Commission on Generational Renewal in Farming shows the complexity of issues involved from CAP, Taxation, Pensions, Fair Deal, Access to Land and Finance to Social Inclusion."

"What is clear, is that there is a real need for farmers, families and successors to start the conversation and seek the expert advice from accountancy, legal and agricultural advisors. It is also important that the farmer, their successor, family members and advisors have a discussion to understand the needs of the farmer and put a structure in place to ease the burden of generation renewal and maximise the benefits available through agriculture schemes, agri-taxation and other supports available."

Trevor Boland, *ifac* Sligo & member of the Commission on Generational Renewal

NAVIGATING CONDITIONAL GIFTS AND AGRICULTURAL PROPERTY RELIEF

Robert Johnson,
Tax Partner, Agri

In last year's budget, a major overhaul of Agricultural Property Relief (APR) was announced with the intention of restricting this relief to genuine farmers and making sure so called 'High Rollers' would not be able to benefit from the most important succession relief available to farmers passing on the farm.

Unfortunately, while the proposed changes were well intentioned, the way they were to be implemented meant that the primary people who would lose out would be the smaller or average farmer.

These changes were paused before they could become law and were sent for review in the Commissioner for Generational Renewal who in their recent report have recommended that these changes be subject to full scrutiny before being adopted due to the unintended consequences which we in *ifac* have written so much about.

In summary, the proposed changes would have required the farmer transferring the land to have actively farmed or leased it for the six years prior to the gift or inheritance, while also removing the ability to make a conditional gift or inheritance.

APR AND CONDITIONAL GIFTS/INHERITANCES

APR reduces the taxable value of the farming assets for gift/inheritance tax purposes by 90% and is the main relief which keeps family farms from needing to be broken up and sold to pay inheritance tax bills. Currently, it's also possible to give a gift or inheritance of cash subject to a condition that it is invested in farm property within 2 years and this cash gift will also get the 90% reduction if the condition is met and all the other normal conditions for APR are also met.

Generally speaking, the use of conditional gifts/inheritances are very rare with one big exception. This big exception is, however, very big and very common and is linked directly to the Government policy of encouraging land to go to Young Farmers.

Where a trained (Green Cert) young (under 35) farmer purchases land, they are exempt from Stamp Duty on this purchase. This is of course subject to various limits and conditions but it a very well-known and tax efficient relief.

The problem for our young farmers, however, is that it is rare for one to have enough cash lying around to fund the purchase of a farm or for the bank to be willing to lend to them without their parents also being involved.

Typically, when a farming family are looking to buy a bit of land the money is coming from the parents, the bank is lending to both the parents and the young farmer, the loan is to be repaid from the existing farm and the new land is to be bought in the young farmers name.

The cash from the parents and part of the loan from the bank are all gifts to the young farmer. If conditional gifts are removed these gifts which can avail of APR currently will no longer do so.

This means we will have a relief available to young farmers for them to save 7.5% Stamp Duty on the purchase of land while creating conditions where they could accidentally fall into a tax liability of 33%.

WHERE ARE WE NOW

At the moment, the changes to APR are on the shelf and not yet enacted nor does it sound like they will be in the immediate future, however, since last October, Revenue have amended the gift/inheritance tax return so that where a conditional gift or inheritance is being made it must be separately indicated so that they can quantify how much these are used. This shows that the matter still isn't settled and changes should be expected.

RESETTING OUR FOCUS ON BUDGETING

Diarmuid Brannock,
Farm Support Advisor

Regular monitoring of cashflow is a key driver behind profitability on dairy farms. Being up to date with your farm's financial position allows you to adapt and react to changes as they arise, whether it's a change in milk price or rising costs.

Now, with the significant drop in milk price during Q4 2025 and no clear indication of how long this will last into 2026, the need for solid financial planning has never been more important.

44% of farmers cite input prices as their biggest challenge.

1. KEEP A CLOSE EYE ON CASHFLOW

With average production costs predicted to be around 42c/L for 2025, farms are exposed to greater market risks. The sharp decline in milk price during Q4 2025 is a stark reminder of how quickly things can change. With uncertainty heading into 2026, up-to-date financial data is crucial for making smart decisions about reseeding, stock sales timing, and stocking rates.

2. PLAN AHEAD WITH REALISTIC TARGETS

With current price uncertainty, you need to plan for different scenarios. Use your farm's 3-year historical cost data to set realistic targets while building in contingency plans for various milk prices.

Good budgeting is about:

- Understanding your current financial situation
- Planning for different income scenarios
- Identifying where you can improve efficiency
- Building resilience to handle market ups and downs

3. FOCUS ON PROFIT, NOT JUST PRODUCTION

Farm growth isn't simply about increasing herd size. In uncertain times, protecting profitability matters most. This means:

- Review stocking rates to maximise grass utilisation
- Focusing on cost control and efficiency
- Managing cash within the business – don't starve your business of cash with capital expenditure or short-term debt.

With milk price under pressure, profitability per ha/kg MS and overall farm margin are what matter most, not just total litres produced.

WHAT GOOD FINANCIAL PLANNING CAN DO

- **Guide investment decisions:** With the current milk price uncertainty, carefully assess whether major investments should be delayed until prices stabilise.
- **Determine optimal stocking rates:** Lower stocking rates with higher per-cow grass utilisation may prove more resilient in volatile markets.
- **Calculate your break-even point:** Know exactly what milk price you need to cover all your costs - loans, tax, drawings, and bills. This lets you plan proactively rather than react in a crisis.
- **Stay flexible:** The recent milk price drop shows that change happens quickly. Be prepared to adjust stocking rates, reconsider capital spending, and control costs aggressively during downturns.

HOW FARMPRO CAN HELP

Ifac clients can benefit from using FarmPro to stay on top of their farm finances. FarmPro makes it easy to review your performance regularly, track your cashflow in real-time, and see exactly where your farm stands financially. With the current milk price uncertainty, having this information at your fingertips means you can spot problems early and make timely decisions to protect your profitability.

LOOKING TO 2026

The Q4 2025 milk price drop and uncertainty into 2026 remind us that volatility is part of modern dairy farming. There's potential to make improvements on all farms, regardless of size or current position.

The farms that will come through this uncertain period strongest are those with solid financial planning, regular cashflow monitoring, and the flexibility to adapt quickly. It's never too late to start focusing on your farm's financial health - and with current market challenges, there's never been a better time to begin.

BEING OPEN AND TRANSPARENT ABOUT SUCCESSION AT AN EARLY STAGE HAS PAID OFF FOR THIS WATERFORD DAIRY FARMING FAMILY

The Forbes Family

- **Dairy farming** in Waterford
- Milking **240 cows**
- **100 acres** of own land and **300 acres** leased
- Currently in the planning phase of setting up a **limited company**

LOOKING TO THE FUTURE

Few people are as forward-looking and practical about the issue of succession as the Forbes family in Kilmore, west Waterford.

The farm is run day-to-day by Richard, 60, and Laura, 51, along with their four children. With dairy profits rising, both parents were very aware of the need for tax planning along with an efficient and effective succession plan. They began their conversation with Eoghan Drea, Partner in *ifac's* Dungarvan office as they looked to succession and tax planning.

Thomas, now 25, always knew that agriculture was the path he wanted to pursue and had been away studying agriculture at this time. He took a keen and active interest from a very early age along with his three siblings. Laura comments that "we don't have a huge pocket of land, so it was evident from early on that two wages was all the farm could support."

The upshot is that a limited company will be incorporated next spring, with Laura and Thomas each taking a 20% stake and the remainder being held by Richard. At present, the family is milking 240 cows on a 400-acre farm (300 of which are leased), with spring calving and feeding all year round.

Richard's parents started things off by taking on a Land Commission farm back in the late 70's, which Richard took over in 2001 and Laura has been part of his life since the early 90's. She plays a very active part in the life of the farm, particularly since around 2005 when the children became more independent and she was able to focus more on the day-to-day running of the farm.

The formal addition of Thomas to Team Forbes has already been a success. He's been a key driver of breeding improvement and has been making most of the key AI decisions. It's paid off handsomely, and the farm just got pedigree status for the herd this year.

He's also been a key driver in financial planning and banking cash for the inevitable rainy day. "Using the FarmPro service and seeing the figures in black and white on a computer screen sticks with you when you're out and about on the farm, and you're much more conscious of minimising big outgoings like feed and fertiliser."

Thomas is backed up by Laura on the issue of tight financial management, and she stresses the importance of "benchmarking ourselves against other successful dairy farmers". She's also a big fan of *ifac's* FarmPro tool to track and measure these costs.

Up until 2024, the Forbes farm was spring and autumn calving, but are now solely spring calving, reducing demands on time and delivering a lot more efficiency with a huge focus on grass. "This is our first year of spring calving and thankfully the move has led to a 1.5% increase in milk production and also to healthier cows."

As to how the future is looking, Laura acknowledges that dairy is heading into a down period, but she believes that the farm now has a wider team in place to ride that wave. And on the plus side, she says that "work/life balance has now become a reality on the farm, with Richard being able to take well deserved time away from the daily routines, Thomas indulging his passion for horses while she herself now has time for doing voluntary work with the IFA and Tirlán.

She signs off by saying "I'm so glad we trusted Thomas", while Thomas himself closes by saying that "the way we've handled succession means that I know I'm working for my own future."

"The way we've handled succession means that I know I'm working for my own future."

CLAIM EVERY EURO: FINANCIAL SUPPORTS FOR YOUNG FARMERS

Emma Dooley,
Farm Support Advisor

Starting out in farming is tough, but if you're a young farmer, there's a range of government supports designed to help you get established. These payments provide a reliable income that can make a real difference during those challenging first few years.

WHO QUALIFIES AS A YOUNG FARMER?

You're considered a young farmer if you're 40 or younger, have completed a Level 6 agriculture qualification, and have been associated with a herd number for the first time within the last five years.

Young farmer supports can be claimed by sole traders, Registered Farm Partnerships (RFPs) with a young farmer member, or limited companies where a young farmer holds at least 20% of shares.

However, if farming as part of a joint venture or RFP, the young farmer must be named in their own right to claim national reserve & CIS-YF.

While **12%** of all farmers are increasing their production, this rises to **28%** among farmers under 45.

THE 3 MAIN SUPPORTS

1. National Reserve

The National Reserve allocates new payment entitlements to young farmers on land with no existing entitlements. If your land has entitlements valued below the national average, the scheme can top them up to that average.

You can receive a maximum of 50 entitlements or top-ups per application. "New" farmers who started farming in 2022 or later and hold the Level 6 qualification are also eligible.

2. Complementary Income Support for Young Farmers (CIS-YF)

Often called the "Young Farmers Scheme," this supports you during your first five years in business. Payments average around €150 per eligible hectare*, with a maximum of 50 hectares qualifying. For a farmer with 50 eligible hectares, this works out at roughly €7,500 annually – a significant contribution when you're getting established.

3. TAMS (Targeted Agricultural Modernisation Schemes)

While standard farmers receive 40% grant aid for on-farm investments, young farmers can claim an enhanced rate of 60%. This applies to sole traders, RFPs with a young farmer, or limited companies where a young farmer holds at least 20% of shares (but not joint herd number arrangements).

On a €50,000 investment, the difference between 40% and 60% grant aid amounts to €10,000 – money that can be reinvested elsewhere in your business.

SUMMARY OF SUPPORTS AVAILABLE

Support Scheme	Who Qualifies	Payment/Value
National Reserve	Young farmers or "new" farmers (started 2022+) with Level 6 qualification	Up to 50 new entitlements or top-ups to the national average value
CIS-YF (Young Farmers Scheme)	Young farmers in first 5 years	€150/hectare average (max 50 hectares) = approx. €7,500/year
TAMS Enhanced Rate	Sole traders, RFPs with young farmer, or companies with 20%+ young farmer shareholding	60% grant rate vs. standard 40% (e.g., €30,000 vs. €20,000 on €50,000 investment)

DON'T LEAVE MONEY ON THE TABLE

These supports won't come looking for you – you need to actively apply and meet all requirements. Keep detailed records, stay on top of deadlines, and don't hesitate to seek advice from your accountant, agricultural advisor or Teagasc if you're unsure.

Starting out in farming is a significant undertaking, but these government supports are designed to give you a fighting chance. Make sure you claim every penny you're entitled to.

**Per DAFM estimates*

WHY BANKS NEED TO SEE YOUR BREAKEVEN

Noreen Lacey,
Head of Banking

The dairy sector faces ongoing volatility. To stay strong, you need to keep your cost of production below the average milk price. It sounds straightforward, but it takes planning and good management. Breakeven analysis shows exactly what it costs to produce each litre of milk. It's the difference between hoping you're making money and actually knowing where you stand. For farmers looking for finance, it's often the difference between getting the loan and being turned down.

UNDERSTANDING PROFIT VS CASH

Profit and cash are not the same thing. Here's a practical example that shows why this matters.

150-cow herd at 5,500 litres per cow (450kgs MS)

Income:

- Milk: 825,000 litres at 45.76 cpl = €377,520
- Livestock sales (7.5c per litre equivalent) = €61,875
- BISS & Eco payments = €24,640 (3c per litre equivalent)
- **Total income: €464,035 or 56.26 cent per litre**

Costs:

- Total cost of production at 40c per litre = €330,000
- **Profit on paper: €134,035 (16.25c per litre)**

That looks reasonable. But profit gets eaten up quickly once you account for the real cash going out the door:

Item	Cost	Cent per litre
Cash Profit	€134,035	16.25
Corporation Tax	€12,375	(1.50)
Director Payments (inc. income tax)	€60,000	(7.30)
Loan repayments	€24,000	(2.90)
HP/Lease repayments	€9,600	(1.20)
Total deductions	**€105,975**	**(12.90)**
Actual cash surplus	**€28,060**	**3.35**

After tax, drawings, and loan repayments, there's only 3 to 4 cent per litre left as actual cash. This example needs a gross farm output of 52.91 cents per litre just to break even on all farm expenses, tax, loans, and drawings.

Banks also want to understand the capital reinvestment required on the farm - the money needed to replace machinery, maintain buildings, and stock replacement. Finally, they will use all of the above information to calculate the farmers ability to repay their borrowings.

WHY THIS MATTERS FOR LENDING

Without proper breakeven figures, banks have to make assumptions which are usually conservative, which means lower lending limits or declined applications. Banks simply can't assess risk properly without reliable numbers to work with.

Farmers who understand their breakeven can also have better conversations with their bank. They can explain how they'll cope if milk price drops or feed costs rise. They can show they're managing the business strategically, not just reacting to whatever happens.

GETTING THE NUMBERS RIGHT

The best approach is to treat breakeven analysis as an ongoing task, not something to do once when applying for finance. Here's how to stay on top of it:

- Create a monthly cashflow template for the farm
- Update your figures every quarter, especially when there is fluctuations in milk price or costs
- When meeting the bank, bring the numbers and show the historic trends
- Explain the decisions being made to protect or improve margins

Banks want to lend to dairy farmers, but they need confidence that loans will be repaid. Clear breakeven analysis provides that confidence. The farmers who succeed aren't necessarily the ones with the biggest herds or the newest equipment - they're the ones who know their numbers and use that knowledge to make smart decisions.

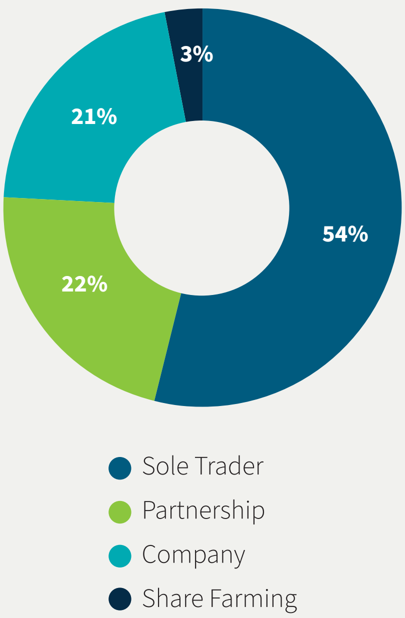
WHAT IS COLLABORATIVE FARMING?

Emma Dooley,
Farm Support Advisor

Collaborative farming is one of those buzzwords floating around in farming circles recently. At its heart, collaborative farming is two or more farmers coming together to pool their resources to farm. Collaborative farming can take many forms such as the typical two good neighbours sharing machines or lending a piece of equipment to legal structures such as partnerships.

The most common type of collaborative farming structure in Ireland is a partnership, whereas in New Zealand, it would be more common to see a share farming arrangement. There is a lot of confusion out there as to what constitutes a share farming arrangement, and we would often hear our clients talk of entering into a share farm arrangement, but when we delve into how it is to operate it would instead be a partnership.

STRUCTURES



SO, WHAT IS THE DIFFERENCE BETWEEN A PARTNERSHIP AND SHARE FARMING?

Where two or more farmers come together and pool their resources to carry on the business of farming with a view to profits, they can be said to be farming in partnership. Whereas, in share farming the farmers might be pooling their resources but they are not sharing the profits, they are sharing the gross income and are responsible for their own costs. Not much of a difference in that you might say, however, the difference can give rise to a lot of tax and legal implications.

For farmers who don't have a successor and/or a non-farm successor chosen, **8%** stated they are open to share farming as an option and **15%** would be open to a partnership.

WHAT IS REVENUE'S VIEW OF A SHARE FARMING ARRANGEMENT

1. Each farmer is free to sell their share of the produce as they feel fit
2. Each farmer is responsible for their own costs of production
3. They calculate their own individual profits
4. They are two business equals and are risk takers. Neither party can have guaranteed income and there cannot be a master/servant relationship
5. No rent is paid for land, nobody is paid for labour and no contracting charge is paid for the use of machinery

If you are going into a collaborative farming arrangement and points 1-3 aren't true, then it is likely that you aren't in a share farming arrangement but a farm partnership. If there isn't an equal relationship and one party is being guaranteed rent, then it more likely that it's a lessor/lessee arrangement. If one party is being paid a wage and is subservient to the other, then it's an employment.

WHY DOES IT MATTER?

There can be serious tax, legal and Dept. of Agriculture consequences if you think you are operating a share farm arrangement but are instead farming as a partnership or the arrangement is closer to a lease or an employment.

Let's take the legal differences between a partnership and share farming as an example. Where two farmers come together to farm in partnership, the stock and the machinery of the farmers are transferred to the partnership, and the farmers no longer owned by the individuals but owned by the partnership. The partners are owed by the partnership for whatever they have contributed, but that figure can change year on year based on profits, drawings and a whole multitude of different things. Whereas, if two dairy or beef farmers entered a share farming arrangement, they would still own their own stock. If they had intended to operate as a share farmer but actually operated as a partnership, then on a breakup it's possible that one farmer could have a claim against the stock of the other farmer.

Another common scenario we would see is where a partnership or share farming arrangement essentially guarantees the income of one of the parties. Depending on how the income is guaranteed this could be rental income or an employment. This could have very significant tax consequences for succession reliefs if Revenue took the view that the share farming arrangement was only being used to mask a lease of the land.

WHICH ONE IS IT?

So, when you are looking at going into a collaborative farming arrangement, it's important from the outset for all parties to agree what they want from the arrangement and how it is best to operate the arrangement in practical terms. Whether a partnership or a share farming arrangement works better will depend on the answer to these two questions and the agreements can be drafted as required.

Getting the paperwork right from the start can mean a lot less legal, tax and Department of Agriculture headaches going forward.

THE FATHER AND SON PARTNERSHIP REWRITING THE RULE BOOK ON HOW TO MAKE TILLAGE PAY

- **Parsonshill Partnership** based in Tipperary
- **300 acres** of their own land with **300 acres rental**
- Growing winter and **spring barley, winter rye, fodder beet** and **maize**
- They also operate a **contracting business**.

DIVERSIFICATION AND PLANNING ARE KEY TO THESE TWO FORWARD-LOOKING TILLAGE FARMERS

On a tillage farm just outside Fethard in Tipperary, a partnership between Noel Delany and his son, Gavin, have come up with a blueprint for navigating the peaks and troughs of the tillage sector.

Back in 2015, then 20-year-old Gavin finished agricultural college and became a vital cog in the operation. But according to Noel, he wanted to encourage him to get involved and, importantly, stay involved. A registered farm partnership was discussed with Cillian Denn in *ifac* and put in place a year later.

"It made life simpler and spread the load between us, but it also set out a clear pathway for Gavin to take over the farm when I eventually decide to retire. Both of us are very big on planning. Tillage returns are not good at the moment, but we have a few different strategies in place to help us thrive. For example, dealing directly with merchants on cereal crops has taken some of the hedging uncertainty out of the equation."

"Another strategy is that we grow fodder crops of which a proportion are sold in advance. Growing fodder beet has been another great decision, giving us an income over a fallow period of the year. The fodder beet is pre-sold as much as possible, and we already know who we'll be selling to next year, so there's much less risk than with grain".

"We also believe in diversification, so we also operate a contracting business, starting back in 2018/19, to help us make the most of our local economy. The critical part of the equation puzzle is controlling our machinery costs. They're astronomical at the moment, but we buy high-quality second-hand machinery, sourced from around Europe. Also, one of our three full-time team members is very mechanically minded, so the machinery is in almost constant use. Today, around 35% of our income comes from contracting."

"Another element of diversification relates to the crops we grow. Maize, fodder beet, winter and spring barley and winter rye help us to hedge our bets. Rye is a bit of a bold choice,

Noel & Gavin Delany

but we've got 75 acres of winter rye, generating around five ton per acres, which is a very healthy yield at a lower cost of production over wheat."

At the moment, the partnership operates as a profit share, and Noel says that a limited company was recently set up within the partnership, adding his wife to the equation. "We haven't looked at land or asset transfer yet, but this is the obvious next stage in a succession strategy that will pave the way for Gavin running the show on his own in the future."

Asked how confident he feels about the tillage and contracting sectors; Noel is adamant that the glass is more than half full. "The whole idea of working with the dairy sector and producing food locally is a model that works, and I'd love to see more of it."

"I know a lot of concentrates for the livestock sector is imported (soya etc.) and this far from ideal for us farmers in the tillage sector. I believe that the future for the tillage sector involves producing more crops locally - and consuming them locally. It's a model where everyone wins, including the environment!"

> ***"Our fodder beet is pre-sold as much as possible to get farmers to commit to purchase, so there's less risk than with grain."***

MANAGING CASH FLOW PRESSURES AFTER POOR GRAIN PRICES

Philip O'Connor,
Head of Farm Support

The 2025 harvest has left many tillage farmers facing challenging cash flow situations due to disappointing grain prices. Cereal prices have dropped to their lowest level in five years thanks to substantial grain supplies from strong global harvests. Our survey found over 83% of tillage farmers cited input/output prices as the greatest challenge for their farm for 2025. While market volatility is inherent in farming, taking prompt action now can prevent difficulties from becoming critical.

UNDERSTANDING YOUR FINANCIAL POSITION

Tillage farmers often face unique financial pressures. While total debt levels may be lower compared to dairy farmers, annual repayments are typically higher due to the nature of hire-purchase agreements on machinery and equipment. These substantial annual commitments make cash flow management particularly crucial.

The seasonal nature of tillage farming - with major expenditure in spring and income concentrated in autumn - makes cash flow planning essential rather than optional. Start by completing a simple cash flow assessment calculating total expected income from crop sales, direct payments, and other sources against anticipated expenditure including inputs, machinery costs, land rental, loan repayments, tax obligations, and family living expenses.

IMMEDIATE PRIORITIES

When cash is tight, focus on minimising non-essential spending. Prioritise essential living expenses and eliminate non-essential expenditure both on-farm and personally. Contact your bank or leasing partner early to discuss options such as temporary interest-only payment periods or extending loan terms. Engage proactively with merchants and input suppliers - they prefer structured repayment plans to chasing overdue accounts.

€ **83%** of tillage farmers listed input prices as their top concern, up 20% on previous year.

MANAGING PRICE RISK

Consider forward selling a percentage of your grain production. While you may miss potential price increases, forward contracts guarantee a price on the percentage sold, providing certainty for budgeting and protecting against further price drops. This strategy helps match guaranteed income against your fixed commitments, providing crucial stability during uncertain times.

GENERATING ADDITIONAL INCOME

Explore practical income opportunities including growing fodder crops for livestock farmers or energy crop sales for renewable energy markets. On growing fodder crops, a key necessity to eliminate risk is either forward selling and/or contract growing for the customer buying the crop. If opportunities arise (and location facilitates) explore options for site hosting for solar panels or wind turbines.

PLANNING FORWARD

Given the seasonal cash flow challenges inherent to tillage farming, consult with your accountant or agricultural consultant to develop a comprehensive plan with realistic projections that account for your spring expenditure peaks and autumn income concentration.

Taking action early and being honest about your situation are the foundations of successfully navigating this challenging period. Delays only compound problems and increase stress unnecessarily.

Key actions

Assessment: Complete a cash flow worksheet accounting for seasonal patterns; list all debts and hire-purchase commitments

Spending Cuts: Eliminate non-essential expenditure; prioritise critical costs

Financial Restructuring: Negotiate payment terms with banks and merchants; review hire-purchase agreements

Price Management: Forward sell a percentage of production for price certainty

Income Generation: Explore renewable options & forage crops

EMPLOYEE OR SELF-EMPLOYED? WHAT FARMERS NEED TO KNOW AFTER THE DOMINO'S (KARSHAN) CASE

Mary McDonagh,
Head of HR & Payroll Services

Determining whether a farm worker is an employee or self-employed is now more important than ever. This distinction impacts tax, PRSI, insurance, and employment rights. Recent legal developments require farms to review worker classifications.

WHAT CHANGED?

The Supreme Court's Domino's (Karshan) judgment introduced a stricter test for determining employment status. Revenue and the Department of Social Protection have indicated increased scrutiny, so farms should expect more questions about classification decisions.

THE UPDATED FIVE-STEP FRAMEWORK

Begin with three key questions:

1. Are you paying someone for their work?
2. Are they personally providing their own labour (not sending someone else unless agreed)?
3. Do you control how, when, or where they work to an extent that it resembles an employment relationship?

If all three answers are "yes" the relationship is like employment unless the last two questions strongly indicate otherwise:

4. Consider whether the contract and daily practices indicate the person is part of your business or operating independently.
5. Also, check if any specific laws require a particular classification, such as PRSI rules.

FARM EXAMPLES

Likely an employee:

Works set hours under your direction, uses your equipment, cannot send a replacement, and is paid weekly or daily.

Likely self-employed:

Brings their own machinery, charges per job, sets their own schedule, works for multiple farms, and may bring an assistant.

QUICK SELF-CHECK

- Do you set their hours?
- Do you direct the work?
- Do they use your equipment?
- Do they work mainly for you?
- Is payment regular rather than per job?
- Can they genuinely send a substitute?

The more yes answers, the more likely the person is an employee.

WHAT SHOULD FARMS DO NOW?

- Review all current working arrangements
- Maintain clear records of how each classification decision was made
- Ensure contracts accurately reflect actual working practices
- Seek professional advice if any aspect is unclear

Accurate classification protects your farm from back taxes and penalties and ensures clarity for all parties from the outset.

AUTO-ENROLMENT: WHAT FARMERS ARE TELLING US IN 2026

Martin Glennon,
Head of Financial Planning

With Auto-Enrolment (AE) now officially underway as of January 2026, farmers are beginning to reckon with the practical realities that the new rules bring to their businesses. Last year's survey painted a picture of uncertainty, with a sizeable portion of farmers unaware that AE even existed. That fog hasn't fully lifted - but the latest responses give us a clearer sense of where the agricultural community stands.

A COMMUNITY STILL GETTING TO GRIPS WITH AUTO-ENROLMENT

Nationally, opinions on contributing to employees' pensions under AE are sharply divided.

- **25%** supportive - seeing it as a positive step for employee welfare
- **31%** neutral - accepting the concept but nervous about the costs
- **12%** opposed - worried about the financial strain
- **32%** not familiar with the requirement and looking for more information

In other words, **one in three farmers still doesn't fully understand AE** - a remarkable figure at this stage.

It mirrors the story we saw in the 2025 report, where 40% admitted they were unaware of the upcoming legislation. That unfamiliarity has eased only marginally - the dial has barely budged.

FARMERS' BROADER PENSION CONCERNS

The survey also revealed telling insights beyond AE itself:

- **Just 13%** feel *very confident* their private pension will provide enough income in retirement.
- **31%** feel somewhat confident.
- **21%** are not confident.
- **11%** are unsure.
- **24%** have *no pension plan at all.*

This paints a stark picture: nearly half of farmers either lack confidence in their pension or don't have one. For a sector where retirement and succession planning are intertwined with land, legacy and family dynamics, that's worrying.

Meanwhile, 60% believe that having their own pension would make it easier to manage the future succession of the farm - a nod to the emotional and financial tangle that comes with passing land to the next generation.

WHAT THIS MEANS FOR AUTO-ENROLMENT IN 2026

Three themes emerge from the data:

1. Knowledge gaps remain stubbornly wide

Despite media coverage and government announcements, many farmers still haven't had AE explained in practical, plain-spoken terms.

2. Costs are the lightning rod

Neutral respondents - the largest group - accept the idea of AE but worry about the ongoing strain on payroll, especially in labour-intensive sectors or during poor price cycles.

3. Support is present, but tentative

Roughly one in four farmers supports AE. That's not insignificant, especially in a sector known for caution around mandatory schemes. But the support hasn't grown meaningfully in a year.

A PRACTICAL WAY FORWARD

Whether a farmer is enthusiastic or uneasy, AE is coming. Employers will be required to contribute 1.5% of salary initially, rising to 6% by year 10, and employees earning over €20,000 between ages 23 and 60 will be automatically enrolled unless they're already in a qualifying occupational pension scheme.

For many, the real question isn't whether AE is good or bad - it's whether to rely on the State's AE system or opt instead for an occupational pension scheme tailored to the rhythms of farm businesses.

The 2026 results suggest farmers want clarity, fairness, and a solution that doesn't turn payroll into a game of mental gymnastics.

FINAL THOUGHTS

Farmers aren't resistant to change; they simply prefer to understand what's involved before taking action. So far, AE has been like hearing a neighbour's new dog barking through the fence – you know it's around, but you'd rather get a good look at it first to judge whether it's friendly.

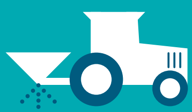
The message from this year's findings is unmistakable: farmers need clearer information, better guidance, and straight answers about AE.

Now that AE has officially begun, that guidance is more crucial than ever.

COMPANIES ARE NOT JUST FOR DAIRY: WHEN A COMPANY MAKES SENSE

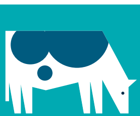
For a long time, the common view was simple: companies are for dairy and tillage; losses are for beef farmers. In many ways, that belief grew from real experience. Dairy has delivered strong and predictable profits year after year, making incorporation a natural fit. A company allowed those profits to be managed efficiently, reinvested into the business and used to support long-term planning. That remains true today, but it is no longer accurate to think of a company as a "dairy-only" structure. Recent performance in the beef sector shows that, in the right circumstances, incorporation can make sense outside the milking parlour.

Tillage is usually the second enterprise people mention when talking about companies, and for good reason. Tillage farms demand heavy investment in machinery, infrastructure and technology. A company suits this level of capital spending, particularly where profits can be retained at lower tax rates and reinvested to keep production competitive. However, chronic pressure on profitability has changed the calculation. If margins are weak, there is little value in sheltering profits that simply are not there. Yet it would be short-sighted to ignore the broader outlook. If profitability returns - as cycles in agriculture can be unpredictable - a company will soon again become the go to tool for reinvestment and succession in the tillage sector.



13% of tillage farmers are in a partnership & **13%** are in a company

Where the real shift has emerged is in beef. Long regarded as a low-margin enterprise, the beef sector has experienced a sustained period of stronger returns through 2024 and into 2025. More stable pricing, tighter global supply and changing market conditions have altered the outlook. For some farmers, profits are now materially higher than the traditional norm. This has opened the door to a conversation that would have seemed unrealistic only a few years ago.

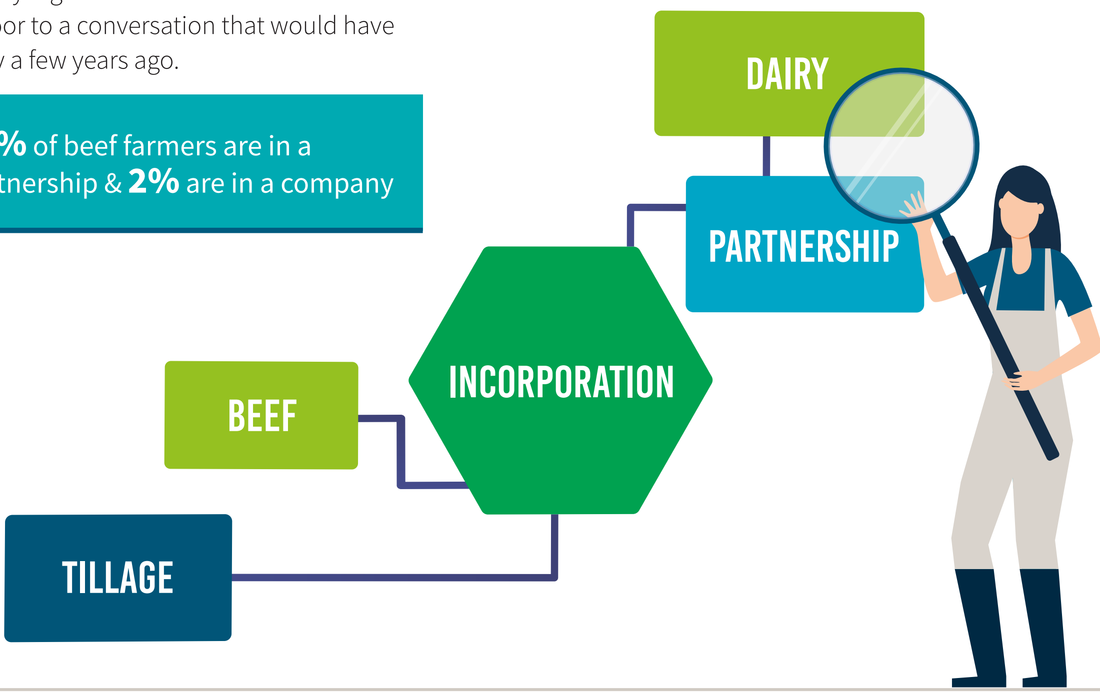


17% of beef farmers are in a partnership & **2%** are in a company

However, caution matters. A company should not be formed purely on the back of one strong year. If margins are likely to fall back, the ongoing costs and compliance requirements of a company may outweigh any benefit. Where incorporation makes genuine sense is where the farm has consistent surplus profits - whether from sustained beef performance or from off-farm income that has long supplemented beef farms. In these cases, profits can be retained to buy stock, upgrade buildings or help secure land, all within a long-term structure.

The key point is often misunderstood. A company is not a tax shelter; it is a business structure. It works best where an enterprise is profitable, reinvesting and planning beyond the next season. Dairy has long met those criteria, but it does not have a monopoly on business planning. Beef farmers can also fit that profile - not because of tradition, but because the numbers now justify it.

Farming never stands still. There is always a sector enjoying strong performance and another working hard to keep pace. So the real question is no longer, **"What are you farming?"** but **"Is this farm profitable enough to invest back in itself?"** When the answer is yes, incorporation becomes a genuine option - and a conversation worth having.



OUR SIMPLE FORMULA FOR A SUCCESSFUL SUCKLER FARM

- **Suckler farm** in Mayo
- **120 acres** of their own land and are not in derogation
- Herd of around **70 animals**.

SIMPLICITY AND A FOCUS ON SUCCESSION HAVE BEEN KEY TO TWO HIGHLY SUCCESSFUL MAYO FARMERS

The partnership of Michael Biggins (70) and his son, Niall (36), farm a suckler herd on the border of Mayo and Galway, and have developed a formula that's helping them to prosper in a sector of the beef market that sometimes struggles to make money.

According to Michael, you can break down the formula into just three words – "Keep it simple". He explains that "the first big decision we made to simplify things was moving to spring calving only. We had previously been calving 50 in spring and 20 in autumn – but it came with a lot of extra complications and demand on our times."

"We also decided to be super-compact in our calving period and have it down to around 8 weeks in February/March at present. That's obviously a very busy 8 weeks, but the advantage is that we can get them out onto grass pretty much immediately. Feeding suckler calves indoor makes no sense."

Niall expands on the concept of simplicity, particularly in relation to breeding. "We place a huge emphasis on breeding, giving us a good payback in terms of fertility rates and quality of calf. All our animals are continental crossed, with Charolais and Limousin top of the list."

"We sell the best of our bulls in September/October as weanlings, usually at around 340 to 350kg. Around 85% of our customers each year are repeat business. People come to us, which is a great testament to the quality of our product."

"We're part of the Teagasc Future Beef Programme and place a big emphasis on producing a quality product as efficiently as possible, in a way that's environmentally and socially responsible. We keep most heifers and sell the following spring or summer if we're not keeping them."

Michael comes back in with some very firm comments on the importance of grass. "We never buy silage but have enough of our own grass. We put in red clover last year and it's been very successful, although you need to be very vigilant to prevent compaction. We've got 4.5 acres in red clover and are getting around 90 bales with no chemical fertiliser."

Niall & Michael Biggins

The formal partnership between Michael and Niall goes back over 10 years, and a limited liability company has recently been added to the mix, primarily for taxation purposes. Niall works fulltime off-farm in the joinery industry but takes some time off in calving season. At present, there's a 50/50 profit share in operation. The issue of succession and land transfer had been discussed for quite a while with Martin Clarke in *ifac*, while the succession journey was started 10 years ago with the partnership land/asset transfers started last year.

Niall stresses that having the partnership in place has given him a great degree of certainty as to his future, and his ability to care for his young family who live right next door to Michael. He signs off by expressing his confidence in the beef sector - "You can't expect high prices every year, but farmers who got out of it won't easily get back in, and those who stayed will see the benefit."

> ***"Calving is obviously a very busy 8 weeks, but the big advantage is that we can get them out onto grass pretty much immediately."***

THE RISING TIDE: GLOBAL BEEF PRICES SET RECORD HIGHS AS SUPPLY CONSTRAINTS BITE

Karol Kissane,
Head of Public Sector Services and Economics

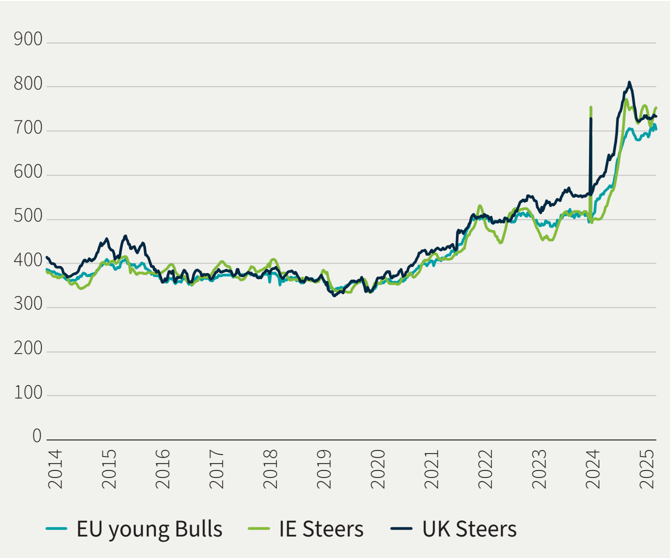
AN ANALYSIS OF WORLDWIDE BEEF MARKET TRENDS AND MEDIUM TERM OUTLOOK

The global beef market has entered a transformative period, with prices reaching unprecedented levels as supply constraints collide with resilient consumer demand. Since 2021, beef prices have increased dramatically across major markets, driven by contracting cattle herds, increased production costs, and shifting trade dynamics.

THE PERFECT STORM: UNDERSTANDING PRICE DRIVERS

In Europe, prices have increased significantly across all markets. Per Bord Bia monitoring data, Irish steers, EU young bulls and UK steers prices have risen 75%, 65% and 63% respectively since 2021.

Prime EU Cattle Composite Price 2014-Present

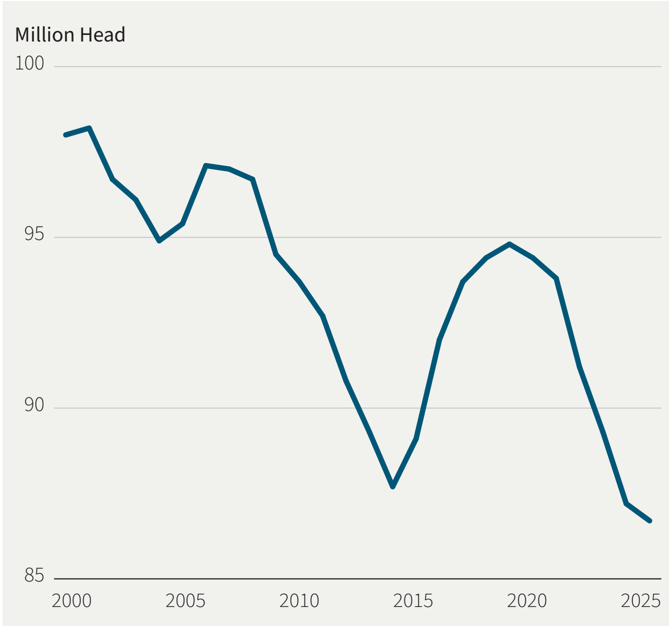


Per Bord Bia, Beef market Tracking 10.11.25 https://www.bordbia.ie/farmers-growers/prices-markets/cattle-trade-prices/beef-market-tracking/

The United States has recorded similarly large increases, with ground beef prices increasing 48% and steak prices rising 41% since July 2020. By late 2025, American cattle prices had set new record highs.

The primary driver has been dramatic cattle herd contraction. US cattle inventory has hit its lowest point in nearly 75 years, resulting from persistent drought conditions, elevated feed costs following the Ukraine conflict, and processing plant closures during Covid. As of mid-2025, cattle slaughter stood 6.5% lower than 2024.

All Cattle and calves inventory: United States: January 1

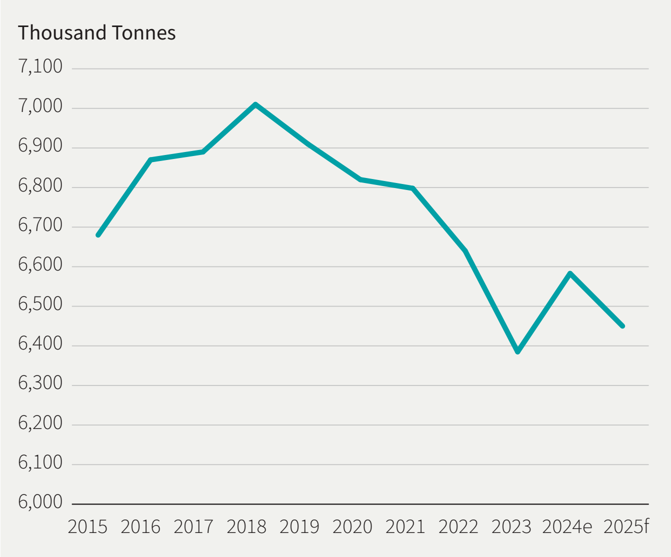


Source: USDA

These reductions extends beyond North America. According to RaboResearch, Brazil and the United States are likely to lead beef production declines in 2025, with reductions also anticipated in China, Europe and New Zealand – an estimated 1% reduction in global supply. In Europe, animal welfare regulations and environmental policies have further constrained production. EU Commission figures show beef production fell 4% (169,000 tonnes) between January and August 2025 in comparison to the same period in 2024[1]. UK production is expected to drop 6% in 2025[2].

1 Imports rise 13% as production drops: EU beef market update | AHDB
2 https://teagasc.ie/news--events/daily/production-declines-to-boost-beef-farm-incomes-in-2025/#:~:text=Despite%20weaker%20consumption%2C%20beef%20production,Cattle%20prices%20and%20throughput

Beef production in the European Union 2015 to 2025

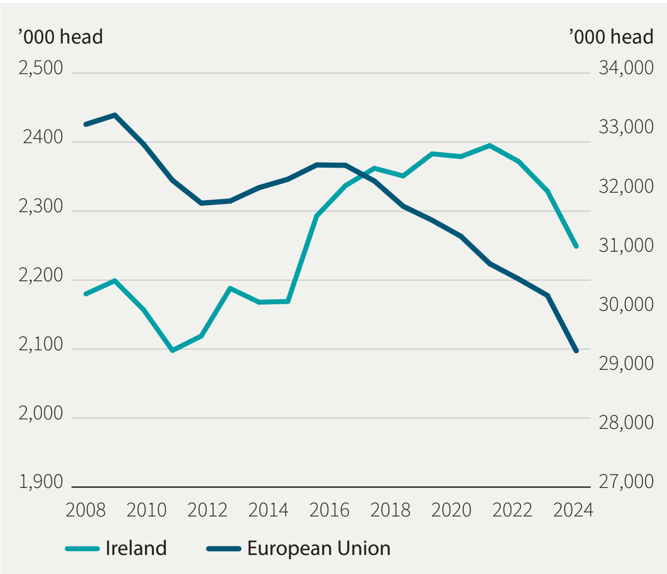


Source: European Commission (2024)

AVAILING OF OPPORTUNITY

For Irish producers, the global shortage has created opportunity. Irish cattle slaughter is forecast to fall 5% in 2025 to 1.72 million head[3]. Figures to end October 2025 show over 114,000 fewer animals on farms compared to October 2024.

EU and Irish cow inventory 2007 to 2024



Source: Eurostat

Factory prices have surged from approximately €5.18 per kilogram in late 2023 to €7.77 by mid-2025 – a dramatic 50% increase providing much-needed relief to farmers who have seen little if any return for their work in the last few decades.

The UK remained the strongest market for Irish beef, with exports growing 2% in value to €929.3 million by September. Irish beef imports to the UK increased 13% overall in 2024, with a 15% uplift in the final quarter. However, UK trade deals with countries outside the EU must be monitored for potential negative impacts.

Beyond Europe, Irish beef has gained traction in Asia. Ireland is the biggest European supplier of beef to the Philippines and it is the biggest market for Irish beef outside the UK and the European Union. Exports to Japan have also more than doubled in recent years.

OUTLOOK: SUSTAINED PRICE STRENGTH

Industry analysts project the global beef market will grow from USD 455.18 billion in 2025 to USD 714.61 billion by 2033, exhibiting a 5.8% compound annual growth rate.

Several factors underpin this outlook. First, cattle herd rebuilding takes time. High beef prices mean young stock destined for breeding are instead going for slaughter. Any production increases won't materialise until 2026/27 at the earliest.

Second, consumer demand remains resilient. Growing health consciousness drives protein demand, while demographic trends in emerging markets, particularly Asia, support consumption growth. OECD forecasts 13% increased beef consumption worldwide by 2034[4].

Third, trade flows are shifting. South American producers prioritise exports as international prices exceed local returns. Brazil experienced 52% year-on-year increase in beef export turnover by mid-2025. Medium-term production growth is forecast in China for domestic use and India where meat processing infrastructure is expanding[5].

Bord Bia forecasts a "positive market environment" with tighter European and UK supplies underpinning strong prices into 2026 and beyond.

CONCLUSION

The global beef market has entered a sustained period of elevated prices driven by structural supply constraints that won't resolve quickly. Irish producers, with grass-based systems and established export relationships, are well-positioned to benefit – though they must navigate higher input costs and evolving regulatory frameworks. For 2026, dairy farmers may see more favourable margins from dairy beef calves than from milk production, if international dairy price pressures continue beyond Q2 2026.

3 *https://ahdb.org.uk/news/beef-market-update-shortages-forecast-in-irish-cattle-numbers#:~:text=For%202025%2C%20Bord%20Bia%20forecasts%20that%20Irish,fall%20by%205%25%20to%201.24%20million%20head.*
4 *https://www.oecd.org/en/publications/oecd-fao-agricultural-outlook-2025-2034_601276cd-en/full-report/meat_5462e384.html#figure-d1e6515-d0106134ac*
5 *https://www.oecd.org/en/publications/oecd-fao-agricultural-outlook-2025-2034_601276cd-en/full-report/meat_5462e384.html#figure-d1e6515-d0106134ac*

BEEF FARM PROFITS 2025 – 2026: TAX, PLANNING AND BEYOND

Trevor Boland,
Accountant

The year 2025 will be remembered fondly by suckler and beef farmers with record beef prices and weanling/store prices achieved. Demand for cattle remains strong among beef processors, cattle finishers and live exporters.

These record prices are leading to many farmers facing large income tax bills that most of these beef farmers did not have to be overly worried about in the past. For the suckler farmer, who has their suckler herd in place, the farmer with off farm income and the beef finisher who has purchased their stock at a relatively low cost, these farmers are facing a larger than usual income tax liability for the year 2025 and into 2026.

There are a number of measures the proactive farmer can take to reduce or minimise these income tax liabilities. Using surplus funds available to invest in their farms, family and their future, farmers can make their farm a more enjoyable and safer place to live and work, provide for their family member's needs, and provide a better income for themselves in the future.

Based on financial accounts prepared for the year 2025 and projections for 2026, and based on livestock sales income, plus department of agriculture receipts, less costs of producing these animals and the costs involved in running the farm, 2025 is going to be a record year for profit on Irish beef farms.

In some cases, weanlings and finished cattle are making €1,000 per head more than last year and for an average suckler farmer selling 20 cattle, this is leading to €20,000 extra income in the bank account, costs remaining relatively stable and department of agriculture receipts at a similar level to previous years.

Profit is what farmers strive for, improving genetics, grassland management, facilities and practices to enable a return for time and investment that a farmer makes from year to year.

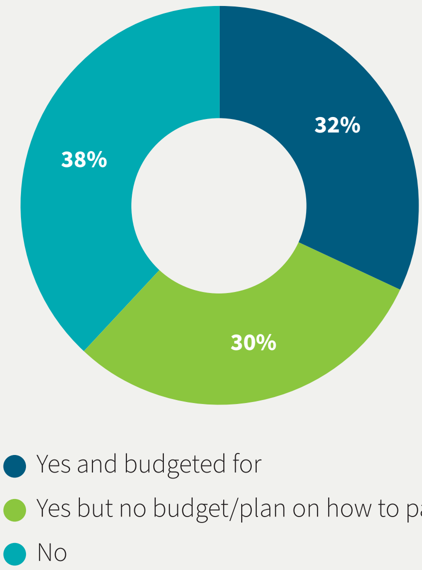
Where total sales for the year are up €20,000, the additional income could lead to an additional tax bill of up to €10,000 for the farmer paying income tax at the marginal rate.

Positivity in beef sectors at its highest since our report began at **57%** (Up **15%** from 2025)

PLANNING

Farmers need to be aware now, of what the likely farm profits are going to be for 2025. While many farmers in the past would look at income tax filing deadlines as a target and not need to worry about a tax bill, that is not the case for the year 2025 and farmers need to understand their figures and tax liabilities as soon as possible.

DO YOU KNOW WHAT YOUR 2025 FARM PROFITS MIGHT BE AND HOW MUCH TAX YOU COULD OWE IN 2026:



TAX PLANNING OPPORTUNITIES

Farmers are urged to take proactive steps now, including:

- **Stock Relief:** Leveraging 25–100% allowances on rising livestock values.
- **Income Averaging:** Spreading income tax burdens over five years to ease cashflow pressures.
- **Family wages:** Formalising support from family members to reduce tax liabilities while supporting education and living costs.
- **Pension contributions:** Using record profits to strengthen retirement savings and reduce preliminary tax exposure.

INVESTING IN THE FARM

Stock relief allows a farmer an allowance on the increase in value of stock at the year-end compared to the value at the start of the year. Holding on to as much profit as possible is the first investment a farmer should make and by using the appropriate stock relief available is a key consideration every farmer should make on a yearly basis.

Young Trained Farmers and farmers in Registered Farm Partnerships can benefit from the increased levels of stock relief and could be very beneficial in reducing tax liabilities.

Income Averaging protects a farms cashflow in the short term by calculating the farms taxable profit on the average of the last five years. In the case of rising farm profits, using income averaging allows more time to consider future farm investments and limits an immediate substantially increased tax liability falling due.

Farmers should also consider:

- Improving **safety and handling facilities** to future-proof operations.
- Preparing for **slurry storage and regulatory changes**.
- Applying early for **TAMS grants and accelerated capital allowances** to offset investment costs.

INVESTING IN THE FAMILY

With many family members helping out on farms, whether that is during the summer months at hay and silage or winter feeding, spring calving and calves or office work, now is the time to consider rewarding this work by formalising a wage to these family members. Revenue rules around PAYE modernisation and employer registration need to be strictly followed and implemented. This investment in family members will allow the farmer deduct the wages as a farm expense and gives the younger generation an added incentive to lend a hand around the farm.

INVESTING IN THE FUTURE

Farmers using increased farm profits now to invest in their own future income has many benefits, not least the tax relief available. Pension contributions remain one of the best methods of reducing a tax liability, while ensuring an additional income in later years and may help ease the transfer of family farms and generation renewal.

CONCLUSION

These profits are the result of many years work and investment in genetics, breeding, grassland management and improving the overall farm performance. Now is the time to manage your tax and cashflow and by investing in your future, family and the farm will make suckler and beef farming even more enjoyable.

IRELAND'S POTATO INDUSTRY IN A CHANGING GLOBAL MARKET

Joe Lambe,
Partner, ifac Raphoe

The global potato sector is undergoing rapid change, and Ireland's potato industry now sits at an important crossroads. International trade in frozen potato products has expanded sharply, with export values rising from USD 7.7 billion to USD 13.2 billion between 2019 and 2024. This shift is reshaping global supply chains and creating both challenges and opportunities for Irish potato growers.

CHANGING CONSUMPTION PATTERNS

Like many traditional potato-consuming regions, Ireland has seen a long-term decline in fresh potato consumption. This mirrors trends in Europe and North America, where fresh table potato consumption continues to fall. In the United States, for example, fresh consumption has dropped by almost 40% since 2000. Irish consumers remain loyal to the potato, but demand has shifted strongly toward processed products, pushing much of the sector's value toward processing rather than fresh sales.

RISING GLOBAL COMPETITION

While China and India have rapidly expanded their processing industries globally—China recorded exceptional export growth of 79% between 2019 and 2024—the immediate challenge for Irish potato farmers is closer to home. Stopping imports coming into Ireland remains the primary competitive threat. Though direct competition from Asian producers is limited, their indirect impact on European markets creates downward price pressure that ultimately affects Irish growers.

COST AND PRICE PRESSURES

"Potatoflation" has hit the entire supply chain hard. Irish farmers are experiencing higher costs for seed, fertiliser, energy, storage, distribution, land rental, wages, and packaging. CSO Agricultural Price Indices show potato output returns are down 27.9% from September 2024 to September 2025, squeezing margins dramatically.

According to Teagasc 2024 data, potatoes are Ireland's highest-cost tillage crop at over €11,000 per hectare in variable costs. Major cost drivers include seed (€2,000), fertiliser (€768), fungicides (€674), machinery (€2,924), and storage (€4,320). Break-even yield stands at 30.3 tonnes per hectare at €375 per tonne. Strong profits only materialise above 40 tonnes per hectare, with 50 tonnes delivering €7,383 per hectare gross margin.

European yields, already above the global average, offer limited room for further increases. Irish growers additionally face climate-related risks and tightening regulations on crop protection products.

OPPORTUNITIES IN SEED POTATO PRODUCTION

Despite these challenges, opportunities remain in seed potato production. The Netherlands currently dominates global seed potato exports, but increasing environmental regulations and climate pressures may constrain its production. This could create space for Ireland to expand certified seed production, leveraging strong disease-free advantages.

LOOKING AHEAD

To stay competitive, Irish potato growers need to adapt strategically by investing in processing-focused varieties, developing stronger relationships with processors and packers, improving storage efficiency, and focusing on quality, traceability and sustainability. Marketing the potato as a healthy, nutritious superfood could help counter declining fresh consumption trends. Leveraging Ireland's strong reputation for safe food production may offer better long-term value than competing on price alone.

As the global market evolves, Ireland's potato sector must balance its agricultural heritage with innovation, efficiency and market-led decision-making to maintain a resilient and profitable industry.

"If you don't have a market for your potatoes before planting, you are gambling with your farm. I am being more selective about acreage now and only growing what I can sell."

Charlie Doherty, Doherty Potatoes Ltd, Donegal

ROBERT JACOB ENTERED DAIRY FARMING AT AGE FORTY. WHAT CAN HE TEACH ANYONE THINKING OF FOLLOWING IN HIS FOOTSTEPS?

- **Dairy farming** in Carlow
- Milking **90 cows**
- **100 acres** owned and **50 leased**
- In **partnership with his wife, Avril**

Robert Jacob

KEY LEARNINGS

- Budgeting and planning are absolutely non-negotiable.
- Only invest in high-quality heifers.
- Remember that you're a grass grower as much as a dairy farmer.
- If you can add cubicles from the outset, do it.
- Cashflow is king – so become the master of it.

CONSTANTLY LEARNING AND CONSTANTLY IMPROVING WERE CENTRAL TO THIS 'NEWBIE' CARLOW DAIRY FARMER

There are very few 40-year-olds who decide that they'll get involved in dairy for the first time, but that's exactly what Carlow-based Robert Jacob did five years ago. "I was working in beef part-time, with a full-time job in machinery, but the truth was that I couldn't see a viable future for my children in beef, and I wanted to build something that they might one day be interested in taking up."

In December of 2019, he put down a deposit on a parlour, commencing milking in spring of 2021. Robert has approximately 90 cows at present, on 100 acres of his own and a further 50 acres leased. But what advice has he to offer other prospective dairy farmers – and what are the things he might change?

The first thing he mentions is that he should have started sooner. The second thing is the importance of budgeting and planning. "*ifac* helped hugely with putting things down on paper, and without that, I don't think I would ever have been able to see things working out."

"I borrowed for a 14-unit milking parlour, and I believe that buying new was a huge boost, providing the reliability that I needed. I also bought high-quality heifer calves. It's a false economy to do anything else, in my opinion. I added twenty older cows as I needed to have a guaranteed yield of milk, but I didn't breed from them."

"I had trouble with grass my first year and hadn't reseeded. If doing it all over again, I'd definitely look to borrow to reseed. I'd also like to have milked more before starting out on my own – maybe on the relief milking scheme. Some more experience would definitely have been a good thing."

"I built the parlour first and added cubicles two years later. Going without cubicles added a lot of work and is something I might re-consider. Cashflow was very tight in the early days, but the lessons I learned are standing to me today. There was certainly no such thing as a family holiday or eating out. We were very disciplined as a family and my wife Avril, who is part of a farm partnership with me, was a huge help in that regard."

In Robert's first breeding season, he acknowledges that he didn't breed long enough, and looking to force things led to higher-than-normal empty rate. The experience for year 1 breeding was learned quickly with subsequent breeding cycles being much more successful. He left the bulls in for longer post AI in year 2 & 3. This year, after an investment in collars he's moved to AI for everything, with an empty rate of around 8%-9%. Robert has cost per litre down to around 35 cents, so he's trending well above average.

"The bottom line is that I'd now happily encourage my kids to follow me on the farm – not something I would ever have said back in the beef days. I'm my own boss again, and though I'm not a cockeyed optimist regarding prices, *ifac* will help me stress-test all my projections for next year and I'm confident that we'll continue to make it work."

> ***"ifac helped hugely with putting things down on paper, and without that, I don't think I would ever have been able to see things working out."***

SLURRY STORAGE AND HOW TO MANAGE THE CASHFLOW GAP

Diarmuid Brannock,
Farm Support Advisor

A slurry storage project with a reference cost of €75,000 with 60% grant aid sounds like a €30,000 investment - until you realise, you're funding the full amount upfront and waiting six months or more for reimbursement. For many Irish farmers facing extended closed periods, along with increasing the storage rate from 0.33m² to 0.4m² per the Nitrates Action Programme*, this cashflow gap represents one of the most significant financial challenges of compliance.

THE REAL COST OF STORAGE

Recent estimates put slurry storage costs at €600 to €900 ex. VAT per cow. For a typical 100-cow dairy herd requiring 20 weeks of storage (approximately 660 m³), total project costs often reach €70,000 to €80,000 ex. VAT. While TAMS 3 Nutrient Storage Investment offers up to 60% grant aid, the financial reality is more complex than the headline rate suggests.

THE TIMING PROBLEM

- **Month 0-3:** Pay contractors full amount (€75,000)
- **Month 4-5:** Complete construction, arrange inspection
- **Month 6-9:** Receive grant payment (€45,000)

During this period, you're carrying the full capital outlay while maintaining normal farm operations and cashflow commitments.

41% of dairy farmers stated slurry storage is an area of capital expenditure in the next 3-5 years.

26% stated they currently do not have enough slurry storage.

VAT

Ifac advice would be to claim periodically as a minimum. However, if the project is large scale claim more often. VAT can be claimed every month if cashflow is needed to be recycled into the business. Banks will bridge VAT if necessary, as a separate loan, usually 12 months.

HIDDEN COSTS BEYOND THE TANK

Grant-aided costs cover the storage structure itself, but several expenses fall outside the scheme:

- Site preparation and access improvements
- Concrete aprons and roadways
- Engineering and planning fees
- Connection to existing infrastructure
- Contingency for ground conditions

These can add 15-20% to your total outlay, further extending the cash requirement.

FINANCING OPTIONS TO CONSIDER

Most farmers use one of three approaches:

1. **Working capital** – Using existing cash reserves. Simple, but ties up funds that might be needed for feed, fertiliser, or other working capital through the spring.
2. **Bridging finance** – Short-term facility specifically for the VAT/grant gap. Banks are familiar with TAMS projects and typically offer 6-12 month bridging loans, though interest costs reduce your net grant benefit.
3. **Term loan** – Financing the net cost (post-grant) over 15 years of a maximum. Smooths the impact but adds interest expense.

The right choice depends on your existing debt position, cash reserves, and upcoming capital commitments.

TAMS – What to be aware of

- Based on reference costs not actual cost
- Up to 11 schemes, ensure you're applying for right scheme for your investment
- Business structure matters, for example RFP qualifies for increased TAMS ceilings

You should always seek advice from your agri-advisor and accountant to ensure you're claiming the right scheme in the right structure.

TAX RELIEF: A PARTIAL OFFSET

Capital allowances allow you to claim tax relief on the net cost over two years, typically worth 20-25% of your contribution in tax savings. For a €30,000 net investment, this could return €6,000 to €7,500 over two years - helpful but deferred.

PLANNING YOUR INVESTMENT

Before signing with a contractor:

1. **Model the full cashflow timeline** – from initial payment through grant receipt and tax relief
2. **Stress-test your working capital** – can you manage six months without that cash?
3. **Compare financing costs** – bridging versus term loans versus opportunity cost of using reserves
4. **Factor in the non-grant elements** – budget 120% of the tank cost for total project
5. **Discuss with your accountant** – structure the investment to optimise both compliance and cashflow.

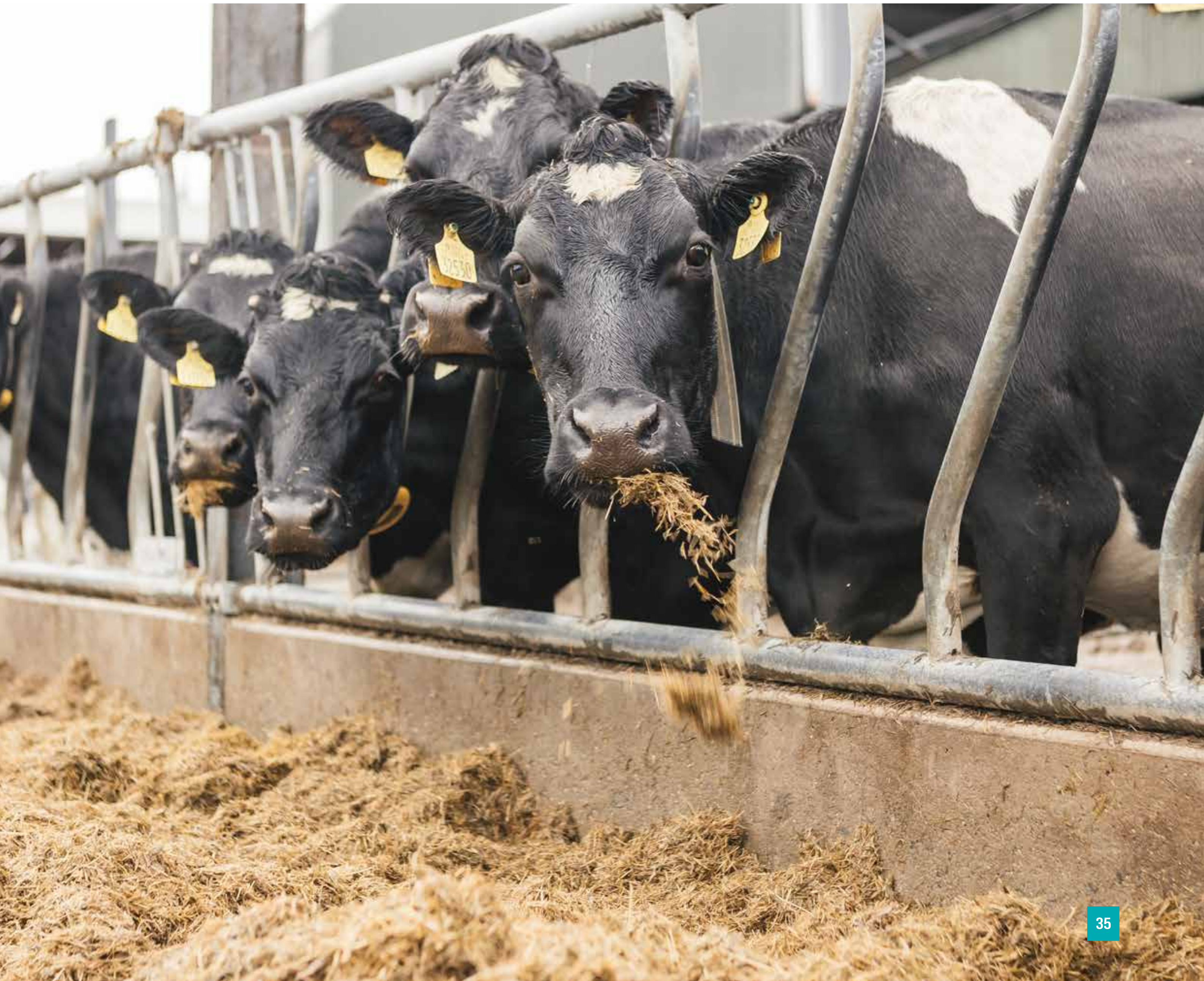
Slurry storage is unavoidable for most expanding or non-compliant farms, but the financial structure doesn't have to strain your operation. Early planning around the cashflow gap – not just the technical requirements - makes the difference between a manageable investment and a liquidity crisis.

COST COMPARISON

Slurry Storage Size	80,000 gallons	200,000 gallons	450,000 gallons
Slatted Tank	€41,600	€82,000	€148,500
Concrete Underground Tank	€33,600	€54,000	€85,500
Overground Slurry Tank	€44,800	€72,000	€121,500

* An increase in the minimum required slurry storage capacity from 0.33 m^3/cow/week to 0.4 m^3/cow/week is mandated under Ireland's Nitrates Action Programme and is set to take effect on October 1, 2028.

Slurry costings as per Irish Farmer's Journal Dairy Day 2025.



VAT ON BROILER FARMERS

Robert Johnson,
Tax Partner, Agri

Last August, the unprecedented happened. It was announced that broiler farmers were to be excluded from the flat-rate addition scheme. This is the first time that a farming sector has been excluded from this scheme. The flat-rate addition scheme allows non-VAT registered farmers to receive an additional 5.1% (4.5% from January 2026) of income on their sales to VAT registered entities.

This was a hammer blow to the incomes of our broiler farmers, however, at least they had the consolation that registration for VAT would only apply if it was beneficial to them and they could still claim the VAT back on capital spend through the VAT58 mechanism.

This budget has dashed those consolations and as a result will mean that all broiler farmers whose turnover exceeds €42,500 in a calendar year will be obliged to register for VAT and operate the VAT system.

Not only does this impact the poultry farming of those affected, but it has a wider impact on their overall farming operations. Most of our clients with broilers would also be suckler, dairy or sheep farmers. Where a person is required to register for VAT on one element of their income, all of their activities become subject to VAT. Therefore, for a farmer who has broilers and is also dairy farming not only will they lose the flat-rate addition on the broilers they'll also lose it on the sale of cattle and milk.

To avoid this scenario, it may be possible to look at separating the broilers from the other farming activities through incorporation or a partnership, which would then ring-fence the rest of the farm from the VAT implications, however, this will give rise to additional costs.

Whatever the case, the incomes of our broiler farmers will be reducing, and their compliance costs will be increasing.

WHY MORE IRISH POULTRY FARMERS ARE SHIFTING INTO EGG PRODUCTION

Ciaran McCabe,
Partner, ifac Monaghan

Across Ireland, a growing number of poultry farmers are looking beyond broilers and moving into egg production. Rising costs, increased pressure from processors, and stronger demand for free-range and organic eggs are all driving the change. For many farmers, layers are becoming a more reliable and sustainable option for the long term.

4% increase in egg output from September 2024 to September 2025[1]

RISING COSTS AND THE SEARCH FOR STABILITY

Most poultry farmers know the story all too well: feed, electricity, and heating costs have surged over the past few years. With fewer processors in the market, growers often find themselves with limited negotiating power, while global grain and energy prices make planning difficult.

In general, egg production, particularly free-range, tends to offer more stable returns. Many farmers report that once they secure a contract with an egg packer, income becomes more predictable throughout the year. Because the Irish egg market is largely domestic, it's less exposed to the ups and downs of global commodity markets.

STRONG CONSUMER DEMAND FOR IRISH EGGS

Irish shoppers are choosing higher-welfare eggs in record numbers. Free-range and organic eggs now make up the majority of retail sales, and supermarkets have committed to phasing out enriched cage eggs. This has opened up clear opportunities for farmers willing to invest in modern layer systems.

Processors are actively seeking reliable suppliers, and many farmers say it's easier to secure a long-term partnership in eggs than in the broiler sector. Ireland's reputation for grass-based, outdoor farming also fits naturally with free-range production, helping maintain premium prices.

A PRACTICAL FIT FOR FAMILY FARMS

One of the biggest attractions of egg production is how well it fits into family farm structures. While building a new house and kitting it out with nesting equipment is a big investment, the scale is often more manageable than renewing or expanding broiler houses.

Layers also integrate well with mixed enterprises. Farmers running beef, sheep, or tillage operations often find they can manage a flock of layers without completely reshaping their existing system. Labour demand is steady but predictable – many farmers value having a consistent daily routine with clear returns.

WELFARE, REGULATIONS, AND THE IRISH CLIMATE

Free-range and organic systems match Ireland's mild, grass-growing climate. Outdoor access requirements are easier to meet here than in many other countries, and the shift toward higher welfare aligns well with existing farming values.

Regulations for layers are relatively stable compared to what broiler producers have faced in recent years. Organic systems, while stricter, can qualify for premium prices and sustainability supports.

LONG-TERM SUSTAINABILITY

Egg production brings environmental and financial advantages. Layers require less feed per unit of protein than broilers, helping reduce costs and emissions. Many new houses are being fitted with solar panels, lowering energy bills and boosting farm sustainability.

As Ireland moves toward tighter climate targets, egg production is increasingly seen as a system that can offer both viable income and strong environmental performance.

BE AWARE OF CHALLENGES

Transitioning to egg production isn't without challenges. Capital investment is significant, and labour - especially in free-range systems - can be demanding. Securing a contract before building is essential. Avian influenza continues to pose risks across all poultry sectors, and farmers must invest in strong biosecurity.

1 The CSO Agricultural Price indices for September 2025

BRINGING VACANT AND DERELICT FARMHOUSES BACK TO LIFE

Noreen Lacey,
Head of Banking

Across rural Ireland, many families have old farmhouses, cottages, or inherited properties sitting idle - often too cold, too outdated, or too costly to repair. Yet these buildings represent a huge opportunity to create a modern, comfortable home while unlocking significant government financial supports.

We get questions on this from clients regularly and advise to look into The Vacant Property Refurbishment Grant which helps farmers restore old houses and expand living space without the cost of a new build.

WHAT IS THE VACANT PROPERTY REFURBISHMENT GRANT?

The Vacant Property Refurbishment Grant helps homeowners bring unused or derelict dwellings back into use. Applications are made through your Local Authority, with substantial support available:

- Up to **€50,000** for a **vacant** home
- An additional **€20,000** if the property is classified as **derelict**

This means eligible homeowners can access up to €70,000 to restore an old property. The grant covers a wide range of works, though caps apply for certain categories (for example, a €7,700 limit on kitchen units).

WHO CAN APPLY?

The scheme is designed for properties that were previously used as a home or were commercial/public buildings that can be converted to residential use. However, non-residential farm buildings currently do not qualify - an important point for farmers considering converting old sheds or stores.

Applicants can receive up to two grants - one for their private residence and one for a rental property.

KEY ELIGIBILITY CRITERIA

- The property must have been vacant for at least 2 years immediately before you apply (not purposely left vacant to qualify)
- Built before 2008
- You must own the property or be in the process of buying it
- You must live in it as your principal private residence or make it available for rent
- Tax clearance from Revenue and Local Property Tax paid
- You must not be a registered company or developer

There is a clawback period of up to 10 years if there is a change to the living or renting conditions.

HOW DOES IT WORK WITH SEAI GRANTS?

You cannot claim the Vacant Property Refurbishment Grant and SEAI retrofit grants for the same works. However, you can combine the schemes by:

- Using the Vacant Property Grant for structural and refurbishment works
- Using SEAI grants for renewable energy upgrades (e.g., solar PV) or additional insulation

This makes it possible to finance a deep retrofit while keeping costs manageable. Many older farmhouses with solid wall construction, poor insulation, or outdated heating systems are perfect candidates for transformation into warm, energy-efficient spaces.

WHY FARMERS SHOULD TAKE A FRESH LOOK

The combination of generous refurbishment grants, rising building costs, and growing demand for rural housing means bringing an old house back into use often makes more economic sense than building from scratch.

For families with unused cottages or derelict farmhouses, this grant offers a chance to revitalise the homeplace, create accommodation for family members, generate potential rental income, and increase farmyard value - all without touching greenfield land.

WHERE TO GET MORE INFORMATION ABOUT THE VACANT PROPERTY REFURBISHMENT GRANT

If you have questions about the grant or want to know if your property qualifies, you can:

- Contact the Vacant Homes Officer in your local authority
- Contact the Housing Agency's Vacancy Helpline - on vacancycampaign@housingagency.ie

CHAIR'S MESSAGE

Brendan Lawlor,
Chairperson

2025 was a truly remarkable year for Irish farm families and for the wider agri-food sector.

The year began on a very challenging note, with Storm Eowyn leaving a trail of destruction across many rural communities. Much of the hardship experienced was exacerbated by long-standing deficiencies in planning, particularly in relation to electricity transmission and communications infrastructure. It is to be hoped that meaningful lessons have been learned, and that future resilience is treated as a national priority.

For farmers, 2025 was a year of mixed fortunes across all sectors.

Beef producers are, at long last, being more appropriately rewarded for their efforts. Sheep farming also experienced a reasonably good year. While these improvements are welcome, they come against the backdrop of a significant reduction in both the national beef herd and sheep flock – a trend that should be of serious concern to policymakers.

Dairying started the year with strong momentum, but optimism faded by mid-summer as global market returns weakened and uncertainty re-emerged.

The tillage sector continues to be unfairly challenged. All farmers depend on a strong and expanding tillage base, and its ongoing decline is deeply worrying. Perhaps the time has come to consider a minimum percentage requirement for native grain in animal feed, and for the brewing and distilling sectors to be required to use a greater proportion of Irish-grown cereals. It is difficult to claim a product as truly Irish if little or no native grain is used in its production.

Pig production is once again under severe pressure. The excessive cost of doing business in Ireland is having a serious and damaging impact on all primary agricultural producers, undermining competitiveness and long-term sustainability.

Now more than ever, strong and decisive leadership is required from both Government and the European Union if Ireland's unique, sustainable, grass-based food production system is to be protected, maintained, and enhanced.

Irish farmers and food producers continue to demonstrate remarkable resilience and commitment to this vital industry. *Ifac's* annual Farm Report once again clearly illustrates the many – and too often unfair – challenges facing our highly productive and sustainable sector. The enormous contribution this industry makes to national GDP can sometimes appear to be taken for granted. With the right support, encouragement, and policy alignment, even greater outcomes are achievable.

Looking ahead, market commentary points to a relatively favourable year for beef and sheep producers. Dairy, however, is unlikely to see significant improvement until later in the summer.

Despite the ongoing turmoil and uncertainty across the world, we must remain positive.

Consumers should remember that a safe, secure, and nourishing food supply is not optional - and that quality food comes at a cost.

Finally, I wish to thank all our clients for their continued support and cooperation. I urge everyone to keep both health and safety to the forefront at all times.

Thank you for taking the time to read this clear and comprehensive report.

SOUND ADVICE, INDEPENDENT SOLUTIONS

We understand that every business has its individual needs and opportunities. Our team of experts can offer you the most comprehensive independent advice and specialist solutions tailored to fit your needs.

OUR PROCESS

We want to know what matters most to you. No one knows your business better, so by listening to you, we gain a deep understanding of your business, your challenges and your ambitions.

Building on this deep foundation and knowledge of your plans, we draw on our financial and sectoral expertise to help you make informed decisions. Your insight will show us where you are now and our experience will guide you to where you want to be.

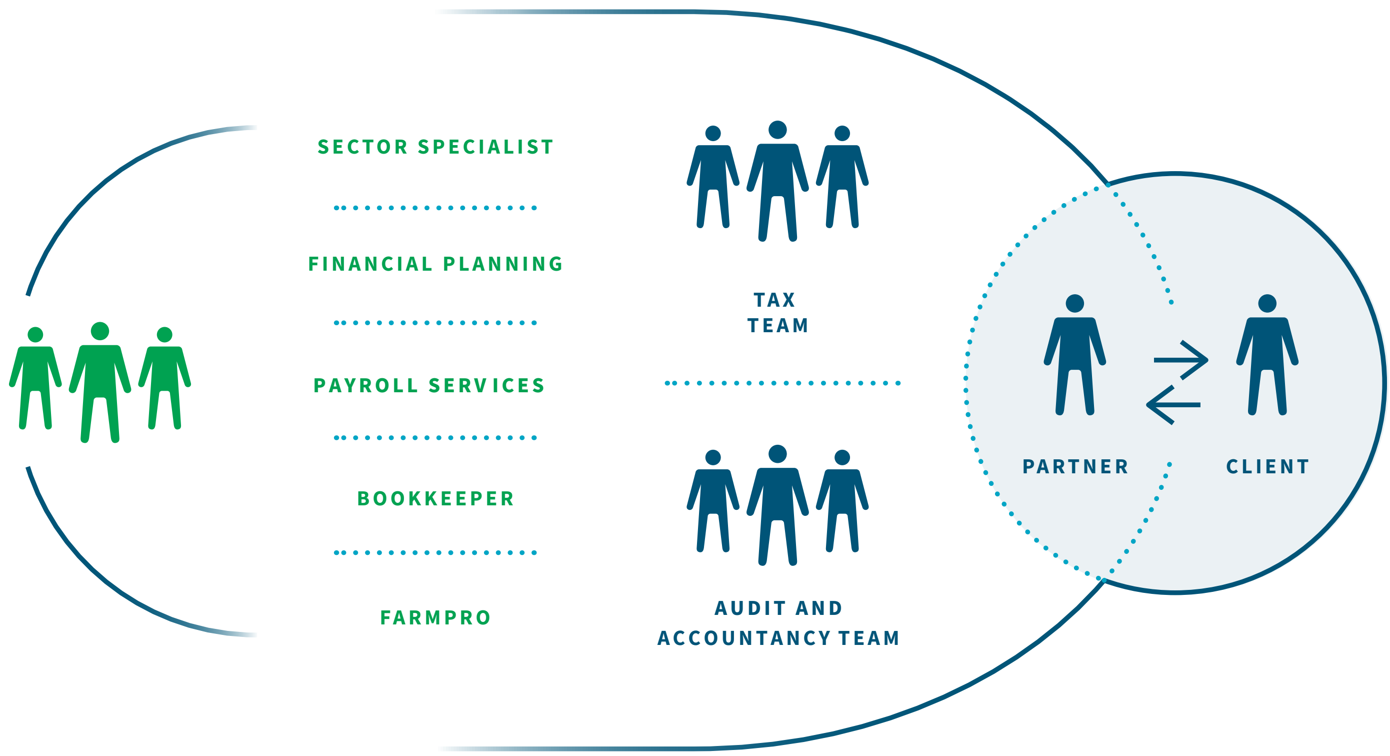
Our proactive approach means that we can help anticipate potential issues and opportunities along the way, and give you the sound advice you need to achieve your goals.

Our flexible approach means we regularly take the time to check in with you. We can routinely track, monitor and review performance and work with you to make adjustments when necessary, giving you the confidence and continuity to grow within an ever changing landscape.

Our process of ongoing monitoring and support means that your business is always one step ahead.

OUR APPROACH

Your local *ifac* Partner is the first point of contact between you, the local team and our national service and sector specialists. This approach ensures you have access to the right knowledge and specialist advice that best suit the needs of your enterprise.



We specialise in a number of key areas which provide you with expert advice and services to help your business grow.

Finance
Access the right finance opportunities to start, develop or expand your enterprise.

Taxation
Our specialist tax team ensure your taxes are structured as efficiently as possible by planning your affairs with one of our specialist advisors.

Specialist Advisory
Increase profits and drive growth with advice from our committed teams of highly experienced professionals

Capital Planning
Optimise your asset ownership, succession, acquisition or divestment strategy.

Accounts
Keep track of your financial transactions and gather vital information for planning your financial future.

Audit and assurance
Our Audit team conduct external and statutory audits and collaborate with you to add value to your business by identifying problems and highlighting opportunities to improve.

Financial Planning
Choose from the best investment solutions available with independent advice from our financial specialists, supported by our accounting and tax teams.

Payroll
Our HR and payroll team will ensure accurate and compliant management for all your payroll and employment needs.

FarmPro
Giving you a comprehensive view of your farm's financial health. This easy-to-use tool connects directly with your *ifac* bookkeeping records, giving you a clear, real-time view of your farm's financial performance.

Food & AgriBusiness
Whether you're looking to access funding, export to new markets or seize a new opportunity, our Food & AgriBusiness team can help you maximise your potential for growth.

Banking Support
Our team support you through the complex process of accessing the bank funding required to grow your business.

Making Connections
After 40 years in the farming, food and agribusiness sector the *ifac* team have unrivalled contacts and connections.

SECTOR SPECIALIST

Philip O'Connor
Head of Farm Support

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@ifac_ireland

A team of dedicated experts.

With over 30 offices across Ireland, our clients have access to a network of expertise across a broad range of sectors - from agribusiness and farming to renewable energy and food production. Our roots within each of our communities means we have deep local understanding and knowledge.

Speak with one of our team and see how we can help your business grow. Contact us on **1800 334422** or visit **www.ifac.ie**

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