Registering for Rural Payments

Separate Business Questionnaire (IACS 26) guidance

Updated March 2015
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Introduction

Integrated Administration and Control System (IACS)

The Integrated Administration and Control System (IACS) applies to the Basic Payment Scheme (BPS) and the Rural Development Programme schemes.

IACS sets out the rules we must follow to make sure we have the information we need to manage our schemes under European Union (EU) rules. Under the IACS rules, if you have two or more farming businesses we may have to treat them as a single farming business even if you treat them as two businesses for other purposes, for example, national tax purposes.

You need to tell us how your business is structured as this may affect any applications you make for these schemes. You must tell us as soon as possible about any changes to the structure and, or status of the business using Rural Payments our online service. You can also create a new farming business on Rural Payments.

For examples of how we assess business structures read Annex A.

Transferring BPS entitlements

If you hold BPS entitlements and you are merging two or more businesses, splitting your business or being given a new Single Business Identifier (SBI), we will not automatically transfer the entitlements to the new business. If you think your entitlements will be affected by the changes to your business fill in a Rural Land and Entitlements form (RLE 1) and send it to us together with your Business Questionnaire (IACS 26).

You can print an RLE 1 and guidance from www.gov.uk/ruralpayments.

If businesses are merging, each original business must send an RLE 1 to us.

The deadline for transferring entitlements is 15 May to use them in that same scheme year. In 2015, this deadline has been extended to 15 June.
Separate Business Questionnaire (IACS 26)

You should use this form to tell us:

- you are involved in more than one farming business;
- you are splitting your business into two or more businesses.

What you need to do

In all cases we need:

- all relevant parts of the form to be filled in; and
- a person with full permissions to sign at page 6 on the form. A person with full permissions is someone who has control of the business in terms of management, benefits and financial risks. If a court order exists, a certified copy must be sent to us with your form. In the case of a death, a death certificate must be sent to us with your form if we have not already received a copy.

If you have an interest in other farming businesses please send supporting documents to us, for example:

- to show the legal status of the businesses;
- the businesses’ accounts;
- any invoicing; and
- any sharing arrangements.

Read this guidance carefully while filling in the form. Where the guidance asks for additional or different information from the form please give the information we ask for in the guidance, as it reflects what we currently need to make the assessment.

If you have any questions about filling in the form or about this guidance call the Rural Payments helpline using the details at section C.

Send only original or certified copies of all relevant legal documents to us, for example, a court order, grant of probate, power of attorney, share farming agreement. For all other supporting documents, we can accept original documents or photocopies, for example, invoices, accounts and tax returns.

You will need to fill in a separate form for each business you have an interest in.

You can print a copy of the IACS 26 form from www.gov.uk/rpa, and search for ‘Change the details you registered with RPA’, or use a photocopy.

Send your completed form and continuation sheets together with all supporting documents to the address at section C.
What we will do

We will use the information on your form and supporting documents to carry out an assessment of your businesses to determine whether we treat them as separate businesses or not.

If you have given us all the information we need, we will process your form and make any necessary changes to Rural Payments. We will normally do this within five working days.

If your form is missing information or you have not sent us the supporting documents we need, we will not be able to process it. We’ll call you and discuss what you need to do next. We will normally do this within five working days.

If you send your supporting documents to us by Recorded Signed For™ delivery we will return them to you by the same delivery method.

How to fill in your Separate Business Questionnaire (IACS 26)

If you have any questions about filling in the form or about the guidance call the Rural Payments helpline using the details at section C.

You may need to use the continuation sheets at pages 7 and 8 of the form, or separate sheets, if there is not enough space on the form. Please make sure you give the question number that the information relates to. After you have answered all the relevant questions, use the boxes at page 8 to tell us the total number of separate sheets you have used (if this applies).

Question 1 – Business details

These details should be the same as the business details on Rural Payments.

1(a) Give the main business name currently registered with us. If you have created or are creating a new business give the name you have registered or want to register.

1(b) Give the main address (including postcode) currently registered with us, or the main address of the new business.

1(c) Fill in the Single Business Identifier (SBI) if you already have one.

1(d) Fill in your main County/Parish/Holding (CPH) number.

Question 2 – Trading status

Tell us the current trading status of the business, for example:

- a sole trader;
- a partnership;
- a limited company;
- a trust; or
- a statutory body.
Question 3 – Formation of the business
3(a) Fill in the date the business was formed.
3(b) Tell us the main reason why the business was formed, for example, splitting, expanding or diversifying an existing business.

Question 4 – Main farming business
Tell us what main farming activities are carried out by the business, for example, arable farming.

Question 5 - Structure of your business
Tell us at page 2 on the form, about everyone with an interest in the business. Use a separate line for each person, and fill in all the relevant columns 5(a) to (f). If there are not enough lines at page 2, please take a photocopy before you start filling it in and tick the box on the form at the top of page 2 to tell us you have used a separate copy.

5(a) Tell us the full names of everyone with an interest in the business (accountable people).
5(b) Tell us the legal status of each person, for example, partner, company secretary or trustee.
5(c) Tell us the percentage stake in the business each person holds.
5(d) Tell us the percentage of voting rights of each person, (if it applies).
5(e) Tell us National Insurance number for each person, (if it’s known).
5(f) For each person named who is under the age of 18, tell us the name of their parent, guardian or trustee.

Question 6
Fill in this question if anyone named at question 5(a) has an interest in another farming business. You need to send any relevant documents to us to support your answers to this question.

6(a) For each person named at question 5(a), tell us their name and the names of all the other farming businesses they have an interest in. Also tell us the distance in miles between these farming businesses and the business named at question 1(a). If you need more space, please use the continuation sheets at pages 7 and 8, making sure you give the question number.

6(b) Put a tick in the ‘Yes’ or ‘No’ box to tell us whether any of the land in the business named at question 1(a) joins the land of any of the businesses named at question 6(a). If the answer is ‘Yes’ attach a sketch or copy map to page 8.
**Question 7**

This question relates to commercial transactions between the business named at question 1(a) and those named at question 6(a).

You need to send documents to us to support all your answers to this question.

7(a)   Put a tick in the ‘Yes’ or ‘No’ box to tell us if there are any transactions for goods or services.

If you answer ‘Yes’, put a tick in the next ‘Yes’ or ‘No’ box to tell us if any of these are financial transactions. For example, one business buying feed supplies from the other.

If you answer ‘Yes’, tell us how payments are arranged. For example, the businesses arrange to pay each other for every transaction or at agreed intervals, such as monthly.

Also, please give examples of the transactions both routine and non-routine. Please include rates used with a comparison to the local full commercial rate.

Please send us example copies of some invoices or extracts from accounts showing a description of the transactions between the businesses to support your answers.

7(b)   Put a tick in the ‘Yes’ or ‘No’ box to tell us if invoices are raised between the businesses, for example, when one business carries out work for the other.

If you answer ‘Yes’, put a tick in the next ‘Yes’ or ‘No’ box to tell us if the invoices give details of the work they relate to, for example, general livestock handling April – June. Please give details and send example copies of contracts or invoices to us.

If you answer ‘Yes’, tell us how often invoices are raised, for example, for every transaction, weekly, or for seasonal tasks. Also tell us how they are shown in accounts, for example, block or individual entries.

7(c)   Tell us how quickly invoices are paid, for example, as individual transactions within 28 days or settled on a quarterly basis.

7(d)   Tell us if these related businesses trade more or less frequently than with other businesses.

7(e)   Put a tick in the ‘Yes’ or ‘No’ box to tell us if each business name is clearly shown on invoices and receipts.

7(f)   Put a tick in the ‘Yes’ or ‘No’ box to tell us if any of the businesses provide free goods or services to each other.

If you answer ‘Yes’, tell us how often and what type of services.

**Question 8**

8(a)   Tell us how one business has or would invest funds in the other business (do not include buying or selling goods or services). For example, to fund expansion to buy land. Also tell us the terms and conditions of the investment, the level of authorisation needed and an estimate of the value.

8(b)   Put a tick in the ‘Yes’ or ‘No’ box to tell us if one of the businesses has or was to suffer any losses or difficulties, that it would be supported by one of the other businesses. If the answer is ‘Yes’ please give us any more information that you think may help us with our assessment.
8(c) Tell us how often funds are transferred between the businesses.

8(d) Tell us who has the authority to transfer funds between the businesses. For example, board members.

8(e) How are fund transfers represented on the balance sheets of both businesses? For example, as share capital transfers or as loans for a set period.

**Question 9**

We need to know whether the businesses keep separate commercial documents.

Please put a tick in the ‘Yes’ or ‘No’ box for each question 9(a) to (g). If you answer ‘No’ to any of these questions, that is, where any business does not have separate documents, please explain the link between the businesses involved.

**Question 10**

If you answer ‘Yes’ to any of these questions you need to send supporting documents to us. Include information to show that sharing takes place, how often and whether there are charges raised. If charges are raised you should include supporting documents such as paid invoices.

10(a) Put a tick in the ‘Yes’ or ‘No’ box to tell us if your business shares any farming equipment or machinery with any other business? If you answer ‘Yes’, tell us what equipment or machinery is involved.

10(b) Put a tick in the relevant box if your business is in a machinery syndicate\(^1\) to tell us whether it has common or separate shares in the syndicate.

10(c) Put a tick in the ‘Yes’ or ‘No’ box to tell us if the business is in a machinery ring\(^2\). If you answer ‘Yes’, tell us how much machinery each business owns. Answer ‘NONE’ if appropriate.

Put a tick in the next ‘Yes’ or ‘No’ box to tell us if each business has its own individual membership of the machinery ring.

10(d) Put a tick in the ‘Yes’ or ‘No’ box to tell us if the businesses share labour. For example, does one employee work for three months in one business and nine months in another.

If you answer ‘Yes’, put a tick in the relevant box to tell us if either contract labour or contractors are used. If they are, put a tick in the next ‘Yes’ or ‘No’ box to tell us if they are invoiced separately by each business.

You should also tell us what type of work is done by contractors and how often. Use the continuation sheets at pages 7 and 8, making sure you give the question number.

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1. Machinery syndicate – a group of businesses which owns machinery collectively and individuals borrow it in turn on a co-operative basis. The businesses may have a common share between them or may have separate individual shares in the syndicate.

2. Machinery ring – one business may own a piece of machinery and share it with others in a group. The other businesses in the ring each contribute different pieces of machinery.
10(e) Put a tick in the ‘Yes’ or ‘No’ box to tell us whether any of the following are shared, giving any extra information on the continuation sheets.

- Buildings, for example, grain or feed storage or livestock housing. Also, tell us what the shared building is used for.
- Buying or selling of farm inputs or produce, for example, buying materials or selling produce at the local market. Give more information about what is shared, for example, one business transports livestock for the others, or transports grain to market.
- Land, for example, for shared grazing or overwintering.
- Materials, for example, seed, agrochemicals, feed supplies or pharmaceuticals.
- Forage (including silage or hay) and/or storing facilities.
- Movement of livestock between holdings, for example, transfer for seasonal finishing or grazing.

You should also tell us if any linked holding has been registered with the British Cattle Movement Service. Give this information on the continuation sheets at pages 7 and 8, making sure you also give the question number.

**Question 11**

Tell us if you have any additional land which you have not declared on your SBPS application.

**Question 12**

Put a tick in the ‘Yes’ or ‘No’ box to tell us if the business is managed under a share farming agreement.

If you answer ‘Yes’, give details of how those involved manage this agreement and set out the roles of all those involved. Include the business names, addresses and SBIs of all businesses involved. Also tell us who is the ‘designated farmer’, that is, the person making the scheme application on behalf of those in the share farming agreement.

Also, tell us how the output of an agreement is shared. For example, by a share of the revenue from the sale of produce sold on behalf of those involved. If you need more space for this information use the continuation sheets at pages 7 and 8, making sure you also give the question number. Send a copy of the share farming agreement to us with this form.

**Declaration**

One person who has full permissions for the business must sign, date, and give their name and status.
More information (including contact details)

How to contact us
You can call the Rural Payment helpline, which is open from 8.30am to 5.00pm, Monday to Friday. We will ask you for your Single Business Identifier (SBI) when you call. If you write to us, please give us your SBI, customer reference number (CRN) (if known) and business name.

A text type service is available if you have a hearing impairment, dial 180001 03000 200 301.

Rural Payments helpline: 03000 200 301
Email: ruralpayments@defra.gsi.gov.uk

Send your completed forms and supporting documents to:
Rural Payments
PO Box 352
Worksop
S80 9FG

For more information visit our website at www.gov.uk/rpa.

Data protection
Defra is the data controller for personal data you give to us or we hold about you. We use it in line with the Data Protection Act. For more information visit our website at www.gov.uk/rpa, choose ‘Contact RPA’ and click on ‘Personal information charter’.
Annex A: Single or separate assessment examples

The following cases are examples only and are not based on any real life people or businesses. Your case may have a different outcome.

Single or separate businesses

When we assess whether a farming business is a single or separate business under IACS rules we take into account the business structure and if the business or any business members have an interest in any other farming business. Who is farming the land and applying for payment is part of our assessment, but where the land is, or who owns the land is not.

Other factors such as the percentage shareholding, who has ultimate responsibility for long-term and, or day-to-day decisions and transactions between the businesses are also part of our assessment.

The following examples explain how shareholdings can affect the final outcome. (These examples do not take into account who has responsibility for long-term and, or day-to-day decisions which may also affect the outcome.)

Example 1
Willow Farm (3 partners) SBI 333888777

The business rears livestock and grows some forage crops.

Tim Newark lives with his wife Mandy, at Willow Farmhouse, New Lane, Anytown, XX1 1XX where all the Willow Farm business records are maintained by Mandy Newark. The business has land close to the farm buildings and also has grazing rights on Sieve Common, 14 miles away.

Partnership status and percentage shareholding:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Newark</td>
<td>partner</td>
<td>50%</td>
</tr>
<tr>
<td>Martin Newark</td>
<td>partner</td>
<td>20%</td>
</tr>
<tr>
<td>Fiona Newark</td>
<td>partner</td>
<td>30%</td>
</tr>
<tr>
<td>Mandy Newark</td>
<td>secretary</td>
<td>0%</td>
</tr>
</tbody>
</table>

Members of this business are also involved in two other farming businesses:

M & F Dairy Enterprise (partnership) and Tasty Tamworths (sole owner), both at Ghyll House Farm.

Martin and Fiona Newark are married and live with their daughter Katie, at Ghyll House Farm, Old Lane, A village, XX1 2XX. This farm is 16 miles away from Willow Farmhouse and 12 miles from Sieve Common. Fields close to the farmhouse are used for animal grazing and crop production by the Willow Farm business.

A further two fields are used exclusively by Martin Newark for Tamworth pigs.

Other fields are used exclusively by M & F Dairy Enterprise to rear Fiona and Martin’s herd of Jersey cows.
Annex A: Single or separate assessment examples

M & F Dairy Enterprise (2 partners) SBI 777444222

Partnership status, and percentage shareholding:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Newark</td>
<td>partner</td>
<td>50%</td>
</tr>
<tr>
<td>Fiona Newark</td>
<td>partner</td>
<td>50%</td>
</tr>
<tr>
<td>Katie Newark</td>
<td>employee</td>
<td>0%</td>
</tr>
</tbody>
</table>

(Katie Newark works part-time for her parents and also at a neighbouring farm).

Tasty Tamworths (sole trader) SBI 333999666

Partnership status, and percentage shareholding:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Newark</td>
<td>sole trader</td>
<td>100%</td>
</tr>
</tbody>
</table>

Assessment

As there are common partners (Martin and Fiona) in these businesses, we have to assess whether all of the businesses they have an interest in, are separate under IACS rules.

As neither Martin nor Fiona (total of 50% in Willow Farm and 50% each in M & F Dairy Enterprise) have a majority shareholding in Willow Farm, we will assess these as separate businesses under IACS rules.

However, other factors we take into account such as, who has responsibility for long-term and, or day-to-day decisions, may also affect whether these are a single or separate business.

Example 2

Different percentage shareholdings.

Willow Farm (3 partners) SBI 333888777

Partnership status and percentage shareholding:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Newark</td>
<td>partner</td>
<td>34%</td>
</tr>
<tr>
<td>Martin Newark</td>
<td>partner</td>
<td>33%</td>
</tr>
<tr>
<td>Fiona Newark</td>
<td>partner</td>
<td>33%</td>
</tr>
<tr>
<td>Mandy Newark</td>
<td>secretary</td>
<td>0%</td>
</tr>
</tbody>
</table>

M & F Dairy Enterprise (2 partners) SBI 777444222

Partnership status and percentage shareholding:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Newark</td>
<td>partner</td>
<td>50%</td>
</tr>
<tr>
<td>Fiona Newark</td>
<td>partner</td>
<td>50%</td>
</tr>
<tr>
<td>Katie Newark</td>
<td>employee</td>
<td>0%</td>
</tr>
</tbody>
</table>
Annex A: Single or separate assessment examples

Tasty Tamworths (sole trader) SBI 333999666

Partnership status and percentage shareholding:

Martin Newark  sole trader  100%

**Assessment**

Martin and Fiona now have a majority shareholding in Willow Farm (66%) and 100% in M & F Dairy Enterprise, we will assess these as a single business.

As Fiona has no shareholding in Tasty Tamworths, this remains a separate business.

**Example 3**

**Different percentage shareholdings.**

Willow Farm (3 partners) SBI 333888777

Partnership status and percentage shareholding:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Newark</td>
<td>partner</td>
<td>10%</td>
</tr>
<tr>
<td>Martin Newark</td>
<td>partner</td>
<td>70%</td>
</tr>
<tr>
<td>Fiona Newark</td>
<td>partner</td>
<td>20%</td>
</tr>
<tr>
<td>Mandy Newark</td>
<td>secretary</td>
<td>0%</td>
</tr>
</tbody>
</table>

M & F Dairy Enterprise (2 partners) SBI 777444222

Partnership status percentage shareholding:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
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</thead>
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<td>Martin Newark</td>
<td>partner</td>
<td>70%</td>
</tr>
<tr>
<td>Fiona Newark</td>
<td>partner</td>
<td>30%</td>
</tr>
<tr>
<td>Katie Newark</td>
<td>employee</td>
<td>0%</td>
</tr>
</tbody>
</table>

Tasty Tamworths (sole trader) SBI 333999666

Partnership status and percentage shareholding:

Martin Newark  sole trader  100%

**Assessment**

Although Martin and Fiona have a majority shareholding in Willow Farm (90%), Martin also has the majority shareholding in both Willow Farm (70%) and M & F Dairy Enterprise (70%). In example 2 we still assess these as a single business.

However, as Martin has the majority shareholding in both businesses this now affects his own business,

Tasty Tamworths. Because he has the majority or total shareholding in all three businesses we now assess all these as a single business under IACS rules.