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## 1 Tax treatment of payments to farmers under the lump sum exit scheme etc

- (1) An amount paid to a person (“P”) under the lump sum exit scheme is –
- (a) in a case where P satisfied the eligibility conditions when the payment was made, to be treated as amount of capital nature that is treated as a chargeable gain accruing to P on the disposal of an asset for the purposes of TCGA 1992;
  - (b) in a case where P did not satisfy the eligibility conditions when the payment was made, to be treated as an amount of a revenue nature.

- (2) Where –
- (a) a person (“P”) makes an application for a lump sum under the lump sum exit scheme,
  - (b) P satisfies the eligibility conditions at any time during the interim period, and
  - (c) during the interim period, an amount is paid to P under the basic payment scheme,

the amount is to be treated as amount of capital nature that is treated as a chargeable gain accruing to P on the disposal of an asset for the purposes of TCGA 1992.

- (3) Where –
- (a) a person (“P”) makes an application for a lump sum under the lump sum exit scheme,
  - (b) P does not satisfy the eligibility conditions at any time during the interim period, and
  - (c) during the interim period, an amount is paid to P under the basic payment scheme,

the amount is to be treated as an amount of a revenue nature.

- (4) For the purposes of this section –
- the “lump sum exit scheme” means the Agriculture (Lump Sum Payment) (England) Regulations 2022 (S.I. 2022/390);

the “basic payment scheme” means Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009;

“eligibility conditions” means the conditions in regulation 5 of the lump sum exit scheme;

the “interim period”, in relation to P, means the period –

- (a) beginning with the day on which P makes an application for a lump sum under the lump sum exit scheme, and
- (b) ending with the scheme end date;

the “scheme end date” has the same meaning as in the lump sum exit scheme (see regulation 2(1) of that scheme).