

GUIDANCE NOTES

Tenancy Succession

Do you have a succession tenancy?

This depends when the original tenancy was granted as succession applies to tenancies granted before 12th July 1984. Succession is applicable on death or retirement.

Do we need to plan?

It is recommended that you begin planning for the succession at least 7 years beforehand. This includes setting up the farm business correctly. Succession planning is also vital for reducing your inheritance tax liability.



What is the criteria?

In order for the applicant to be considered for succession, certain criteria will need to be assessed including:

Q: Is the person eligible?

A: The Applicant must be a close relative of the deceased or retiring tenant. Namely wife or husband, brother or sister, or child (or treated child)

A: The applicant must prove that his principle source of livelihood (>50%) has been earned as a result of his work on the holding, or an agricultural holding of which the holding forms part.

A: The Tribunal must be satisfied the applicant must not be the occupier of another commercial unit of agricultural land that is capable of producing an annual income equivalent to the wages of two full time farm workers aged 20 years or more.

Q: Is the person suitable?

A: The Tribunal will take into account "...all relevant matters" including the applicant's age, experience, training, health and financial standing.

Have the correct notices been served on retirement?

A tenant retiring must be 65 years of age on the date of retirement, unless there are medical conditions for retiring younger. The person wishing to succeed must be named on the notice. If the Tribunal refuse the application, the nominated successor will have lost his chance of applying for a succession tenancy on the tenant's death.

On death

There are very strict timescales that apply to a succession on the death of a tenant and this matter is best dealt with immediately.

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Who decides?

If the landlord and tenant do not come to an agreement then the matter is referred to the First-tier Tribunal (Property Chamber) in England or Agricultural Lands Tribunal for Wales and they will assess the applicant against the criteria.

Succession is a very sensitive issue and is a procedure that is easier to deal with if it has been properly planned for.

For further information, please contact Davis Meade Property Consultants on 01691 659658 (Oswestry Office) or 01492 510360 (Colwyn Bay Office).