



Discussion with the French Livestock Institute

1. End of Milk quotas :

The Netherlands :

Situation in the Netherlands where the value of the milk quotas used to be very high.
2003 starting period where the depreciation period of 10 years began.
Then depreciation in consideration of the purchase period.
Consequences : Price decreasing and depreciation follows this period.
Most of farmer who invest had made this depreciation of milk quota.
No reservation for the increase of price but decreasing in the book value.
Price : is the end of milk quotas will have consequences in the price of the land ?
Answer : yes. It is going to increase farmland prices.

Germany :

Split of the book value from the farmland to milk quotas.
The split is not subject of depreciation.
Ordinary acquisition : It was not a part of business so no possibility to depreciate.

Belgium :

Milk quotas can be depreciated as an intangible asset for minimum 5 years.
As The Netherlands, depreciation but with a minimum 5 years depreciation.

Denmark :

No possibility of depreciation.
However, it was possibility to put the purchase price in the account.
Deduct of the loss when the farmer stop activity (end of business).
It is a deduction of the income.

2. Risk management :

Germany :

Possibility to postpone the taxation if you lock your profit to be used in your business (non distributed profits).

Reinvestment reserve : for a certain limited period. In advance depreciation.

Proposal of European Union was too expensive and Germany considers that it was not useful only for farming activity but also for all businesses.

Moving average has been refused too.

Denmark :

Tax system able to level the income : take a minus, carry-back, carry-forward, savings (not a banking saving but a technical), non distributed profit, ...

Regular advices !

Try to help farmer in the future : restructuration for tax reason and specifically to minimize the losses.

Belgium :

To level taxation of income, 2 systems :

- Booking keeping system : carry forward the losses.
- Valuation system : negotiation between the farming union and tax authority. Gives certain results of averaging.

The Netherlands :

Carry-back for 3 years of losses. Book-keeping is necessary.

Carry-forward for 9 years. Capital gain can be made with a refreshment of a 9 years period. Method : change of the value of the asset that is increased then a gain then depreciation is the more important. In France, we have the "reevaluation des biens" system qui permet de créer de nouveaux amortissements et de limiter les plus-values de cession.

Averaging the income for 3 years.

Reinvestment reserve.

3) Overview of the best and the worst in your fiscal tax regime according to milk activity :

The Netherlands :

The best : transfer for the net book value for a matter of tax. No gain, no extra tax.

En France : Cession à la valeur nette comptable.

The worst : transfer out of the family scope and stamp tax are applied (6%)

Germany :

It's more an economical effect not a tax effect.

Impossibility of smoothing the revenue seems to be the main limit.

Accounting year – civil year : clôtures comptables au 30 juin.

Belgium :

- : No carry-back system or an average system. Demand has been for pork activity but no result.

+ : deduction of the milk quota on one time on net book value.

Denmark :

+ : carry-forward of the loose

- : no carry forward before the end of milk quota.