

Taxation of Profits from Land Relief Milker Service

Part 04-01-12

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Introduction

This manual explains the tax treatment of profits arising from a relief milker service.

1. Profits of a Trade

The provision of a relief milker service is a trade the profits of which are chargeable under Case I of Schedule D. However, where:

- (a) a relief milker service scheme is set up by the farmers availing of the services of the scheme and it is clear the scheme has not been set up as a commercial venture but to provide a service for those farmers,
- (b) the scheme does not involve a large grouping of farmers i.e. less than 50, and
- (c) it is administered through a committee or co-ordinator and the amounts paid to the members of the committee or to the co-ordinator to compensate for the services provided by them or by him are reasonable,

no assessments should be made in respect of:

- any profits arising from the scheme and any income arising from the investment of the funds of the scheme provided that the profits and income are retained and will go towards the costs of the scheme in subsequent years, and
- the amounts paid to the members of the committee or to the co-ordinator.

Relief milkers are to be regarded as agricultural contractors and the payments which they receive are chargeable under Case I of Schedule D. Where, however, a farmer carries on relief milking on a restricted scale it is not to be regarded as the carrying on of "another trade" for the purposes of income averaging under section 657 TCA 1997. Finance Act 2018 extended income averaging to farmers carrying on any other trade or profession so that a farmer who carries on relief milking to any scale will be entitled to make a claim under section 657 TCA 1997 assuming all other conditions are met, see [Tax and Duty Manual \(TDM\) Part 23-01-34](#) for further details.

Cases of difficulty or any case in which any two of conditions (a), (b) or (c) above are satisfied without the third being satisfied should be referred to the appropriate Revenue office. Contact details for Revenue can be found [here](#).