

## **BSPB ISSUES REMINDER ON FARM-MADE SEED LIABILITIES**

**As part of the ongoing FAIR PLAY campaign on farm-made seed (FSS), the British Society of Plant Breeders is reminding farmers and their professional advisers of the need to recognise FSS payments as a potential source of financial and legal liability when filing the farm accounts. BSPB chief executive Dr Penny Maplestone explains.**

Through the FAIR PLAY campaign, BSPB and the major UK farming unions (NFU, NFUS and UFU) have joined forces to support continued innovation in plant breeding by optimising the collection of farm-made seed payments from individual farmers.

The central objective of FAIR PLAY is to create a level playing field in which all farmers contribute fairly for the benefits of using farm-made seed, so safeguarding future investment in the development of improved crop varieties, adapted to the needs of UK producers and their customers.

The campaign was first established in 2005 in direct response to concerns that evasion of FSS payments, estimated at up to 40% across the combinable crop sector, was draining vital income away from UK-based breeding programmes.

Through improved communication, more targeted enforcement and simplified FSS declaration and payment arrangements, the FAIR PLAY campaign has already come a long way in tackling that gap.

Since the campaign was launched, FSS income collected by BSPB from farmers and seed processors has more than doubled, from £4.5m in 2005 to £10.4m last year, and now accounts for around a third of the total income available to support UK plant breeding programmes.

Protecting that investment is now more important than ever.

Britain's farmers face great uncertainty in the context of Brexit and its potential impact on trade, competition and support payments, but one thing is clear – continued investment in plant breeding research and innovation will be essential to maintain the sector's competitiveness as well as its resilience to future challenges such as climate change.

And with so many plant breeders now headquartered or owned outside Britain, ensuring our seed royalty and FSS payment systems are as efficient as possible will also be key to maintaining and attracting investment in UK-based breeding programmes after Brexit.

Communication has been at the heart of the FAIR PLAY campaign's success, focused on raising awareness of the benefits of continued investment in plant breeding, while also ensuring farmers and their advisers are clear about their legal responsibilities on FSS use, declaration and payment.

At the same time, investment in staff resources, a new farmer database and improved intelligence about seed and variety use have significantly strengthened the FSS collection system and its ability to identify and tackle non-compliance.

Farmers who do not comply with the requirement in law to declare and pay for the use of farm-saved seed are not only undermining future research and innovation, they also face the prospect of legal action and substantial penalties.

Accountants, farm secretaries and other professionals supplying book-keeping and accounting services to farmers therefore need to be aware of the farm-saved seed rules to ensure that any professional advice they provide is based on a proper understanding of the legal position and that any financial and legal liabilities are appropriately recognised.

In this respect, UK accounting rules would require farmers to recognise the liability on the use of farm-saved seed within their financial statements.

Accountants and auditors alike should ensure that farming clients have accurately recorded these liabilities, and would be well-advised to seek a written representation specifically on this point.

This is particularly true in the case of significant-sized arable farming businesses, where nearly all farmers will have saved at least some of their own seed. As a general guide, a FSS payment is very likely to be due for autumn plantings for calendar year accounts, and on spring sowings for March/April accounts.

For example, a 5,000 acre arable farmer using farm-saved seed on most of his area could need to recognise a calendar year-end liability of £8,000 in FSS payment on autumn sowings if this has not already been paid.

More detailed information about farmers' legal obligations on farm-saved seed is available on the FAIR PLAY campaign web-site [www.fairplay.org.uk](http://www.fairplay.org.uk), but the main issues in law are:

- All use of farm-saved seed must be declared to BSPB
- Farm-saved seed must be produced and saved within a farmer's own holding (i.e. land farmed as the same business).
- Farm-saved seed rules apply whether seed has been processed or taken straight from the barn.
- Farmers cannot sell, buy, barter or otherwise transfer farm-saved seed outside their own holding.
- The use of farm-saved seed from hybrid varieties is not permitted

Details of eligible varieties and FSS payment rates are published annually by BSPB. Declaration forms are sent out each year in November for autumn plantings and in May for spring plantings.

For further information or advice on FSS payments, please call the FSS Helpline on 01353 653209 or e-mail [fss@bspb.co.uk](mailto:fss@bspb.co.uk).

August 2018