



Agricultural Tenancies Act 1995

1995 CHAPTER 8

PART III

COMPENSATION ON TERMINATION OF FARM BUSINESS TENANCY

Amount of compensation

20 Amount of compensation for tenant's improvement not consisting of planning permission.

- (1) [^{F1}Subject to subsection (4A) below,]The amount of compensation payable to the tenant under section 16 of this Act in respect of any tenant's improvement shall be an amount equal to the increase attributable to the improvement in the value of the holding at the termination of the tenancy as land comprised in a tenancy.
- (2) Where the landlord and the tenant have entered into an agreement in writing whereby any benefit is given or allowed to the tenant in consideration of the provision of a tenant's improvement, the amount of compensation otherwise payable in respect of that improvement shall be reduced by the proportion which the value of the benefit bears to the amount of the total cost of providing the improvement.
- (3) Where a grant has been or will be made to the tenant out of public money in respect of a tenant's improvement, the amount of compensation otherwise payable in respect of that improvement shall be reduced by the proportion which the amount of the grant bears to the amount of the total cost of providing the improvement.
- (4) Where a physical improvement which has been completed or a change of use which has been effected is authorised by any planning permission granted on an application made by the tenant, section 18 of this Act does not prevent any value attributable to the fact that the physical improvement or change of use is so authorised from being taken into account under this section in determining the amount of compensation payable in respect of the physical improvement or in respect of any intangible advantage obtained as a result of the change of use.

Changes to legislation: *Agricultural Tenancies Act 1995, Section 20 is up to date with all changes known to be in force on or before 19 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

[^{F2}(4A) Where the landlord and the tenant have agreed in writing, after the commencement of this subsection, to limit the amount of compensation payable under section 16 of this Act in respect of any tenant’s improvement, that amount shall be the lesser of—

- (a) the amount determined in accordance with subsections (1) to (4) above, and
- (b) the compensation limit.]

[^{F2}(4B) In subsection (4A) above, “the compensation limit” means—

- (a) an amount agreed by the parties in writing, or
- (b) where the parties are unable to agree on an amount, an amount equal to the cost to the tenant of making the improvement.]

(5) This section does not apply where the tenant’s improvement consists of planning permission.

Textual Amendments

- F1** Words in s. 20(1) inserted (19.10.2006) by [Regulatory Reform \(Agricultural Tenancies\) \(England and Wales\) Order 2006 \(S.I. 2006/2805\)](#), arts. 1(1)(b), **16(1)** (with art. 10)
- F2** S. 20(4A)(4B) inserted (19.10.2006) by [Regulatory Reform \(Agricultural Tenancies\) \(England and Wales\) Order 2006 \(S.I. 2006/2805\)](#), arts. 1(1)(b), **16(2)** (with art. 10)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 8A inserted by [2023 asc 4 s. 24\(4\)](#)
- s. 28(5)(za) inserted by [2023 asc 4 s. 24\(5\)](#)
- s. 36A inserted by [2023 asc 4 s. 24\(6\)](#)