



# AgrilInvest Program Handbook



Government of Alberta ■



Manitoba 

 Ontario

Newfoundland  
Labrador

 NOVA SCOTIA

New Brunswick  
Nouveau Brunswick

Prince Edward  
Island  
CANADA

Yukon  
Government  
Canada

***Revised April, 2010***

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Cat. No. A118-27/2010E-PDF	ISBN 978-1-100-15888-4	AAFC No.10497E
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Aussi offert en français sous le titre : Agri-investissement Manuel du programme 2010



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## 1.0 Introduction to the Agrilvest Program

In 2007, federal, provincial, and territorial Ministers of agriculture agreed to **Growing Forward** – a bold market-driven vision for Canada’s agriculture, agri-food and agri-based products industry in every region of the country. As part of **Growing Forward**, a new suite of business risk management programs is available. The following programs replace the former Canadian Agricultural Income Stabilization (CAIS) program and are designed to be more responsive, predictable and bankable.

The new suite includes:

- **Agrilvest** – savings accounts for producers that provide flexible coverage for small income declines and support investments that help mitigate risks and improve market income. Benefits are calculated on the basis of Allowable Net Sales.
- **AgriStability** – a margin-based program that provides income support when a producer experiences larger income losses. Payments are based on a decline in your farm’s current year margin compared to an average historical margin.

This Handbook outlines the main program rules and features for Agrilvest. A separate Handbook is available for the AgriStability program for producers in Manitoba, Nova Scotia, New Brunswick, Newfoundland and Labrador, and the Yukon on the AgriStability website at [www.agr.gc.ca/agristability](http://www.agr.gc.ca/agristability) or by calling the federal administration toll-free line at 1-866-367-8506. The AgriStability program is provincially delivered in British Columbia, Alberta, Saskatchewan, Ontario, Quebec, and Prince Edward Island. Producers in these provinces can visit their respective provincial administrations using the links found on [www.agr.gc.ca/agristability](http://www.agr.gc.ca/agristability).

Requirements published in this handbook are accurate at the time of printing but may be subject to change without notice. For updates and current deadlines, please visit the Agrilvest website at [www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest) or call the Administration toll-free at 1-866-367-8506.

Generally, individuals or entities that derive income from the primary production of agricultural commodities except those covered under supply management are eligible to participate

in Agrilvest. Producers of supply managed commodities, who also produce allowable commodities, may be eligible for Agrilvest based on the non-supply managed portion of their farming operation.

Each year, you can deposit up to 1.5 percent of your Allowable Net Sales (ANS) into an Agrilvest account and receive a matching contribution from federal and provincial governments. You can withdraw the funds at any time for risk mitigation or other investments.

The Agrilvest account has two components. The portion of your Agrilvest account that holds your deposits is Fund 1. The Fund 2 portion of your Agrilvest account holds the matching government contributions and all interest earned on the account. Withdrawals are taken from Fund 2 first. Once Fund 2 has been depleted, the balance of your withdrawal request is drawn from Fund 1 to the extent that funds are available. Amounts from Fund 2 are taxable upon withdrawal.

To participate in Agrilvest you must provide the Administration with the information necessary to calculate your benefits and meet all program deadlines. For a Glossary of the Terms used in this Handbook, see Appendix B.

You can contact the Administration by calling toll-free 1-866-367-8506, or visit the program website at [www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest) for valuable resources and tools including:

- Business Risk Management links
- Publications and Forms
- Deadlines
- Frequently Asked Questions
- Latest Program Updates

**Note:** This Handbook contains general information only and is not intended to be a substitute for legislation. Where a discrepancy exists between the information in the Handbook and the program authorities (the Growing Forward agreement and related Program Guidelines) the program authorities will take precedence in all cases.





## 2.0 Participation Requirements

### 2.1 Steps to Participate

**Step 1** Complete and submit an AgrilInvest form by the September 30 filing deadline. Applications are available on the AgrilInvest website at [www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest) or by calling the Administration toll-free at 1-866-367-8506.

Applications will be accepted until December 31. Applications postmarked after September 30 up to and including December 31 will be subject to a 5% per month reduction in the maximum matchable deposit.

Applications postmarked after December 31 will not be accepted. If the deadline falls on a Saturday, Sunday or statutory holiday, completed forms postmarked on the next business day will be accepted.

You are responsible for ensuring your application is submitted (postmarked) by the deadline and received by the Administration.

**Step 2** The Administration will calculate your benefits based on the financial information reported on your application and send you a Deposit Notice outlining the amount you are entitled to deposit.

**Step 3** Open an AgrilInvest account at a participating financial institution and make your deposit by the deadline shown on your Deposit Notice. Your 2009 Deposit Notice will include an Account Initiation Form. Sign the Account Initiation Form and present it to a participating financial institution to open your new AgrilInvest account. See Appendix C for a list of participating financial institutions.

**Step 4** Your financial institution will notify the Administration that you've opened an account and made a deposit. The Administration will credit your account with matching government contributions and transfer any existing funds that are held by the federal government. You can withdraw the funds from your account at any time.

### 2.2 Eligibility

To be eligible to participate in AgrilInvest, you must:

- have carried on the business of farming in Canada and reported farming income (or loss) to the Canada Revenue Agency (CRA) for income tax purposes for the program year; and
- submit your AgrilInvest program form by the application deadline.

Status Indians who carry on the business of farming on a reserve in Canada and are exempt from filing income tax returns are eligible to participate provided they submit the information they would have otherwise reported for tax purposes.

Each individual or entity that reports farming income (or loss) for income tax purposes is required to participate in the program separately. If you are involved in **multiple farming operations**, you must submit program forms for each operation.

**Sole Proprietorships, including Partners in a Partnership**, must complete and submit the AgrilInvest form for Individuals and provide their Social Insurance Number (SIN). Partners in a partnership must each submit completed program applications reporting 100% of the partnership's income and expenses. The Administration will calculate each partner's maximum matchable deposit based on each partner's percentage share of the farming operation.

**Estates** of deceased participants must complete and submit the AgrilInvest form for Individuals and provide the participant's SIN. If the Estate is also filing a return for *Rights and Things*, an AgrilInvest form for Corporations/Co-operatives and Special Individuals must also be submitted. The Administration will combine the information provided on both forms.

**Trusts** must complete and submit the AgrilInvest form for Corporations/Co-operatives and Special Individuals and provide their Trust number.

**Corporations and Co-operatives** must complete and submit the AgrilInvest form for Corporations/Co-operatives and Special Individuals and provide their Business Number.



**Communal Organizations** must complete and submit the AgrilInvest form for Corporations/Co-operatives and Special Individuals and provide their Trust Number.

**Status Indians and Band Farms** who carry on the business of farming on a reserve in Canada and are exempt from filing income tax returns are eligible to participate provided they submit the information they would have otherwise reported for tax purposes. Status Indians and Band Farms complete the AgrilInvest form for Corporations/Co-operatives and Special Individuals and submit it directly to the Administration. The participant's Social Insurance Number or Business Number must be provided on the form. Status Indians are deemed to have a December 31 fiscal year-end.

**Limited Partnerships** are eligible to participate as an entity, and must supply their Business Number, using the AgrilInvest form for Corporations/Co-operatives and Special Individuals. Alternatively, the partners in a Limited Partnership may apply as individuals and must supply their SIN using the AgrilInvest form for Individuals. Partners in a Limited Partnership cannot apply as both an entity and as individuals.

**Landlords** who earn income from cash rent or payments-in-kind, for crop/livestock shares or lease arrangements must report it as rental income, not farming income, for tax purposes and it is therefore non-allowable for AgrilInvest. However, if your arrangement is a joint venture in which your share of allowable purchases reasonably approximates your share of the related allowable income, those sales and purchase amounts may be allowable for AgrilInvest. Copies of written joint venture or crop/livestock share agreements, documenting the shared income and expense items, may be requested by the Administration.

**Bankrupt** individuals or entities that declared bankruptcy in the Program Year may participate through the Trustee in Bankruptcy. Applicants in bankruptcy are eligible for AgrilInvest if you meet the eligibility requirements of the program. If you declare bankruptcy after applying for AgrilInvest, it is your responsibility to ensure the Administration is notified of the bankruptcy.

The Trustee in Bankruptcy is assigned the responsibility of managing all the assets and liabilities of the bankrupt party, including the AgrilInvest account, until the bankruptcy is discharged. As such, the Trustee may access your information subject to the provisions of the *Privacy Act*. It is

the responsibility of the Trustee to notify the Administration of the bankruptcy, and to provide supporting documentation of their appointment as Trustee in Bankruptcy. The AgrilInvest account will not be processed until the Trustee has provided the Administration with instructions regarding the account.

The Administration will forward the Deposit Notice to the Trustee. In most cases, the Administration will direct any withdrawals to the Trustee. The withdrawal will only be sent to the applicant if:

- the bankruptcy is not known to the Administration;
- the Trustee confirms in writing that the AgrilInvest benefits are not part of the bankrupt estate; or
- the Trustee has been discharged of their duties, and has provided documentation of their discharge.

**Multi-Jurisdiction Operations** include operations where you live and farm in different provinces or you earn farming income in more than one province. If you are involved in a multi-jurisdiction operation you must participate in the province where your main farmstead is located. Your province of main farmstead is the province where all or the majority of your gross farming income was earned over the last five years. You may not participate in the Program in more than one province.

**Government Funded Institutions** including research stations, universities, and colleges are not eligible to participate in AgrilInvest. In cases where an organization is directly funded by an organization that has received government funding, eligibility will be determined on a case-by-case basis.

**Former Federal Public Office Holders or Public Servants** who are not in compliance with federal conflict of interest guidelines in effect during the term of the AgrilInvest program are not eligible to receive AgrilInvest benefits and should not apply to the Program. Information on the conflict of interest guidelines can be found on the website for the Treasury Board of Canada Secretariat at [www.tbs-sct.gc.ca](http://www.tbs-sct.gc.ca).

More information on applying to the program and filing the appropriate AgrilInvest form is available on the AgrilInvest website at [www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest) or by calling the Administration toll-free at 1-866-367-8506.



### 2.3 Opening a Financial Institution Account

Starting with the 2009 program year, AgrilInvest accounts will be held by financial institutions. Your AgrilInvest Deposit Notice will include an Account Initiation Form.

- You must open an AgrilInvest account at a participating financial institution by the deposit deadline on the Account Initiation Form to be eligible to make a deposit and receive matching government contributions.
- To open an AgrilInvest account, sign the Account Initiation Form and present it to a participating financial institution. Participating financial institutions include most of the major chartered banks, credit unions and caisses populaires. For a list of participating financial institutions see Appendix C – Participating Financial Institutions, page 19.
- Your financial institution will notify the Administration that you have opened an account and any AgrilInvest funds held by the federal government will be transferred to your new account.
- While you have until your deposit deadline to open an AgrilInvest account and make a deposit, the Administration recommends that you do so prior to your deadline to ensure that your account is activated and your deposit is posted on time.
- You may open only one AgrilInvest account for your farming operation. However, if you incorporate your individual farming operation and continue operating an individual operation in addition to the corporation, you can maintain two AgrilInvest accounts (one for each operation).

**Note:** Financial Institutions are responsible for the timely and accurate processing of deposits and withdrawals from your AgrilInvest account and are responsible for any lost benefits resulting from their errors. However, they are not responsible for providing you with Program information. If you have questions on the AgrilInvest Program contact the Administration directly toll free at 1-866-367-8506.

Any service fees that your financial institution may charge you for opening, maintaining or transferring an AgrilInvest account may be deducted from your account. Service fees deducted from the Fund 2 portion of the account are considered a withdrawal and will be treated as a taxable transaction in the calendar year the transaction occurs.

### 2.4 Transferring Your Account to Another Financial Institution

To transfer your account from one financial institution to another:

- Contact the Administration toll free at 1-866-367-8506 to request an AgrilInvest Account Transfer Form.
- Sign the Account Transfer Form and take it to the financial institution where you want your account to be moved.
- The new financial institution will open an AgrilInvest account on your behalf and will report the new account details to the Administration.
- Your new financial institution will request the financial institution holding your existing account to close the account and transfer the funds to your new AgrilInvest account.

**Note:** You must continue to meet the deposit deadline on your Deposit Notice to be eligible to receive matching government contributions. An account transfer does not extend the deposit deadline. If you are making a deposit to your new AgrilInvest account, the Administration recommends that you request the account transfer prior to your deposit deadline to ensure that your new AgrilInvest account is opened and your deposit is posted on time.

Any transactions that have not been processed at the time you request an account transfer will be placed on hold until the transfer is complete. For example, if you make a deposit to your existing account and then request an account transfer, the matching government contributions will not be credited to your new account until the transfer process is complete.





Account transfers can only be completed through the Account Transfer Form process. Do not try to complete an account transfer by withdrawing the funds from your existing account and then depositing them to your new AgrilInvest account. The portion of the withdrawal from Fund 2 will be taxable and any funds you deposit to your new account will be credited to your Fund 1 as an excess deposit and you may be directed to withdraw the funds.

### 3.0 Allowable Income

#### 3.1 Allowable Net Sales

Your deposits are based on a percentage of your Allowable Net Sales. Allowable Net Sales are the net sales of commodities allowable under AgrilInvest. Allowable Net Sales are determined in accordance with the point of sale guidelines outlined in Section 3.2.

Program payments received as a replacement for the income otherwise generated by lost production or sales of allowable commodities are included in the Allowable Net Sales calculation. Allowable program payments include Production Insurance, Wildlife Damage Compensation, and Canadian Food Inspection Agency payments.

For example:

\$	Gross sales of allowable commodities (includes allowable program payments)	\$120,000
	Purchases of allowable commodities (includes seed, plants, livestock purchases)	- \$20,000
	<b>Equals Allowable Net Sales (ANS)</b>	<b>\$100,000</b>

Allowable Net Sales is limited to a maximum of \$1.5 million per eligible participant.

Allowable commodities include most primary agricultural commodities except those covered under supply management (dairy, poultry and eggs). However, if you produce allowable commodities in addition to supply managed commodities you may be eligible for AgrilInvest benefits based on the non-supply managed portion of your farming operation.

**Custom Feeding Income and Expense:** Income generated through the operation of a custom feedlot is allowable based on the value of allowable commodities produced and fed to custom-fed livestock. If you operate a custom feedlot and your custom feeding invoices are not itemized by ingredient, 70% of the reported custom feeding income will be deemed to be an allowable commodity sale and used in the calculation of your Allowable Net Sales.

Similarly, if you have your livestock custom fed and the portion of the custom feeding expense related to an allowable commodity purchase are not itemized by ingredient, 70% of the reported custom feeding expense will be deemed to be an allowable commodity purchase and used in the calculation of your Allowable Net Sales.

**Prepared Feed Purchases:** Prepared feed purchases are allowable based on the portion of the expense related to the purchase of allowable commodities. If the invoices for your prepared feed purchases are not itemized by ingredient, 65% of the reported prepared feed purchase will be deemed to be an allowable commodity purchase and used in the calculation of your Allowable Net Sales.

If you are a ranch fur operator, and the invoices for your prepared feed purchases are not itemized by ingredient, 20% of the reported prepared feed purchase will be deemed to be an allowable commodity purchase and used in the calculation of your Allowable Net Sales.

**Allowable Net Sales Adjustment for Mixed Operations with Supply Managed Commodities:** If you have sales or purchases of supply managed commodities, your Allowable Net Sales will be adjusted to reflect the non-supply managed portion of your farming operation. Your Allowable Net Sales will be adjusted by adding the revenue from and subtracting the purchases of supply managed commodities and then multiplied by the percentage of total sales of allowable commodities. The percentage of total sales of allowable commodities is calculated by dividing gross sales of allowable commodities by the sum of gross sales of allowable commodities plus gross sales of supply managed commodities.





For example:

Less	Gross sales of allowable (non-supply managed) commodities	\$120,000
	Purchases of allowable commodities	- \$50,000
	<b>Allowable Net Sales (\$120,000 - \$50,000)</b>	<b>\$70,000</b>
Less	Gross sales of supply managed commodities	\$100,000
	Purchases of supply managed commodities	- \$20,000
	<b>Net sales of supply managed commodities</b>	<b>\$80,000</b>
	Net sales of allowable and supply managed commodities (\$70,000 + \$80,000)	\$150,000
	Percentage of total sales of allowable commodities \$120,000 / (\$120,000 + \$100,000)	× 54%
	<b>Adjusted Allowable Net Sales (\$150,000 × 54%)</b>	<b>\$81,000</b>

**Processed Commodities:** Revenue from processed agricultural commodities is allowable income if you produced the commodity on your farm; and you reported the income and expenses as farming income (loss) to CRA for tax purposes for the program year. Processing is defined as changing the state of the commodity. For example, strawberries into jam, beeswax to candles, beef to beef jerky.

**Non-allowable items:** Commodities generated through aquaculture and trees produced or harvested for use in reforestation, or for firewood, construction material, poles or posts, fibre, or pulp and paper are not allowable under AgrilInvest.

Other non-allowable items include sales and purchases related to peat moss operations, wild game farms, and the purchase of commodities for resale.

### 3.2 Point of Sale Guidelines

To be recognized as allowable commodity income for AgrilInvest purposes, the commodity must only include value that was added while under your control. Therefore, it is necessary to determine the point at which the commodity sale occurs. The point of sale is determined by the following criteria:

- The commodity is separate and identifiable from other producer's commodities; and
- You produce it on your farm; and
- You bear full direct risk for it; and
- You have a separate billing or accounting transaction that clearly shows the commodity sales value and any deductions from that value.

For a list of the most common qualifying point of sale adjustments, see Appendix A.

You can report income generated from the use of commodities with commodity sales. For example, you can report income from pollination services with bee sales and stud fees with horse sales. However, income derived from commodities that you did not produce on your farm is not eligible for AgrilInvest purposes.

### 3.3 Method of Accounting

You must use the same method of accounting (cash or accrual) used to report for income tax purposes.



## 4.0 Account Transactions

### 4.1 Deposits

After your AgrilInvest application has been received and processed, the Administration will issue you a Deposit Notice outlining your Allowable Net Sales, maximum matchable deposit, account balance and the maximum amount that can be held in your AgrilInvest account.

Your maximum matchable deposit is based on your Allowable Net Sales. You can deposit up to 1.5% of your Allowable Net Sales for the program year to your AgrilInvest account and receive a matching government contribution. Your maximum matchable deposit must be \$75.00 (Allowable Net Sales of \$5,000) or more in order to make a deposit and receive a matching government contribution. Your Allowable Net Sales are limited to \$1,500,000 per year and based on this limit, the maximum matchable deposit is \$22,500.

Starting with the 2009 program year, your deposit must be made to your AgrilInvest account held in your financial institution on or before the close of business on your deposit deadline date. For information on opening a financial institution account see section 2.3 – Opening a Financial Institution Account, page 7.

Your deposit must be made by the deposit deadline. Late deposits will not be accepted. If the deadline falls on a Saturday, Sunday, or statutory holiday deposits will be accepted on the next business day.

Deposits made to your account are reported on an activity file by your financial institution to the Administration. Most financial institutions will report account activity to the AgrilInvest Administration on a semi-monthly basis; however the reporting frequency may vary by financial institution. After your deposit has been reported to the Administration, matching government contributions will be credited to your AgrilInvest account.

If you deposit more than your maximum matchable deposit amount, you will be required to withdraw the excess.

### 4.2 Withdrawals and Taxable Income

You may make a withdrawal from your AgrilInvest account held in your financial institution at anytime. Withdrawals are first paid from the Fund 2 portion of your account which

holds the government contributions and all the interest. Based on Canada Revenue Agency tax guidelines, Fund 2 withdrawals are taxable in the year the withdrawal is made and must be reported as investment income, not farming income for tax purposes.

Withdrawals from Fund 1 (which holds your matchable deposits) are issued after Fund 2 has been depleted. Withdrawals from Fund 1 are not taxable.

**Note:** If your account contains excess deposits, any withdrawal request will first be applied to the excess deposit amount, and then Fund 2.

### 4.3 Maximum Account Balance

Your account balance, which includes your matchable deposits, government contributions, and interest earned, is limited to 25% of your average Allowable Net Sales for the program year and two preceding program years, excluding any years for which the Allowable Net Sales was not calculated under the program.

Where your Allowable Net Sales was not calculated for one or more of those years, the Maximum Account Balance will be 25% of the average Allowable Net Sales for the year(s) available. The Maximum Account Balance will be applied starting with the 2008 program year.

Once your balance reaches the Maximum Account Balance, you will not be permitted to make deposits into your AgrilInvest account, or receive matching government contributions. However, you are entitled to make a withdrawal to bring the balance to below the Maximum Account Balance limit. You may then make a deposit up to your maximum matchable deposit and receive matching government contributions.

### 4.4 Interest

The interest rate on your AgrilInvest account held in a financial institution is set by negotiation between you and the financial institution.

Maximum matchable deposits earn interest from the date of receipt of the deposit into Fund 1. The matching government contributions earn interest from the date the funds are credited to Fund 2. All interest earned on the account is credited to Fund 2.



## 4.5 AGR-1 Tax Information Slip

Agriculture and Agri-Food Canada will issue an *AGR-1 Supplementary – Statement of Farm Support Payments* tax information slip in February for taxable benefits over \$100.

## 5.0 Account Transfers

### 5.1 Transferring an Individual Account to a Corporation

If you incorporate your farming operation, you can transfer your individual account to the corporation. To do this you must:

- notify the Administration in writing of your intention to transfer your individual account to a corporate account; and
- submit documentation to the Administration showing that a legal transfer of the account funds has taken place in accordance with the *Income Tax Act*.

You must also provide one of the following documents:

- a copy of the original contract (or relevant sections) between you and the corporation which identifies the assets being transferred and the related value. The Fund 2 portion of the AgrilInvest account must be listed as an asset which was transferred from the individual to the corporation. (This could include a Bill of Sale, or a Shareholder Agreement – the legal document indicating the disposition of the AgrilInvest Fund 2 account to the corporation); or
- a written statement from you which includes the target corporation's Business Number and the transaction date with a signed declaration that you have filed an election under Section 85 of the *Income Tax Act* and that the Fund 2 account was included in this transfer; or
- a signed and dated copy of a T2057/T2058 which clearly shows that the AgrilInvest Fund 2 was included in the Section 85 transaction.

Include with your documentation a written statement which indicates the last year you will submit an AgrilInvest application as an individual.

After you submit the required documentation and a program year application for your corporation:

- The Administration will send the corporation an Account Initiation Form.
- An authorized officer must sign the Account Initiation Form and take it to a participating financial institution to open up an AgrilInvest account for the corporation.
- The financial institution will report the account details for the corporation to the Administration.
- The Administration will send the financial institution holding your individual account a letter directing the financial institution to close the account and transfer the funds to your corporate AgrilInvest account.

**Note:** You must continue to meet the deposit deadline on your Deposit Notice to be eligible to receive matching government contributions. An account transfer does not extend your deposit deadline. You do not have to wait for your individual account to be transferred before making a deposit to your corporation's AgrilInvest account. While you have until the deadline on the Deposit Notice to make a deposit, the Administration recommends that you open the account for your corporation before the deadline to ensure the account is opened and the deposit is posted on time.

Any transactions for your individual account that have not been processed at the time you request an account transfer will be placed on hold until the transfer is complete. For example, if you make a deposit to your individual account and then request an account transfer, the matching government contributions will not be credited to your corporate account until the transfer process is complete.

### 5.2 Estates

Upon the death of a participant, the AgrilInvest account, including the account history, may be transferred from the deceased participant to the surviving spouse. The surviving spouse can then continue to participate as if the account had always been his/her own and is subject to all Program rules and eligibility requirements (e.g. report farming income/loss for tax purposes, file an annual application, etc.). If the surviving spouse already has an AgrilInvest account, the two accounts will be merged.





The AgrilInvest account may only be transferred to a surviving spouse. However, a beneficiary, other than a surviving spouse, whose farming operation consists of all or most of the deceased participant's farming operation may retain the historical Allowable Net Sales information for the purposes of determining their Maximum Account Balance. If there is more than one beneficiary, a common business arrangement must be created to carry on the same farming operation as the deceased participant in order to transfer the historical Allowable New Sales information.

To transfer the account to a surviving spouse or the historical ANS information to a beneficiary, the executor/executrix must submit the following documentation to the Administration:

- a written request signed by the executor/executrix or administrator, with a statement indicating the last year an AgrilInvest application will be submitted for the deceased participant;
- a copy of the probated will or letters of administration/probate; and
- a copy of the death certificate.

After the required documentation has been submitted:

- The Administration will send the surviving spouse an Account Initiation Form (if an AgrilInvest account is not already opened in his/her name).
- The surviving spouse must sign the Account Initiation Form and take it to a participating financial institution to open up an AgrilInvest account in his/her name.
- The Administration will send the estate's financial institution a letter directing the financial institution to close the estate's AgrilInvest account and transfer the funds to the surviving spouse's AgrilInvest account.

**Note:** The estate and the surviving spouse must continue to meet the deposit deadline on their Deposit Notices to be eligible to receive matching government contributions. An account transfer does not extend the deposit deadline. A surviving spouse does not have to wait for the estate's account to be transferred before making a deposit to his/her AgrilInvest account.

Any transactions that have not been processed for the estate at the time the account transfer is requested will be placed on hold until the transfer is complete. For example, if a deposit is made to the estate's account and then an account transfer is requested, the matching government contributions will not be credited to the surviving spouse's account until the transfer process is complete.

### 5.3 Legal Separation

In the event of divorce or separation, an AgrilInvest account may be divided into two individual accounts according to the terms of a formal separation agreement, voluntary divorce settlement agreement or court ordered or approved divorce settlement.

To divide a participant's account, the Administration requires:

- A written request to divide the account, and
- A copy of the separation agreement signed by both parties with the signatures witnessed.

Both parties must have an AgrilInvest account opened at a participating financial institution of their choice before the participant's AgrilInvest account can be divided. If one of the parties does not have an AgrilInvest account they should contact the Administration toll free at 1-866-367-8506 to request an Account Initiation Form. They must sign the form and take it to a participating financial institution who will report the details of the AgrilInvest account to the Administration.

The Administration will divide the account proportionately from Fund 1 and Fund 2 based on the percentage or dollar amount stipulated in the separation agreement. The Administration will issue a letter to the financial institution holding the participant's account that is being divided, indicating the amount of funds to be transferred to the other participant's AgrilInvest account.

The account history may also be transferred in part for the purposes of determining the Maximum Account Balance or for other purposes. The resulting accounts are administered according to the established rules.



## 6.0 Important Information

### 6.1 Transactions Not At Fair Market Value (FMV)

Transactions between all parties must be at Fair Market Value to be considered allowable income in the calculation of Allowable Net Sales. Transactions above or below Fair Market Value may be adjusted by the Administration to reflect Fair Market Value. Where these transactions cannot be clearly defined, the Administration may combine the Allowable Net Sales of the producers engaged in these transactions, and allocate each participant involved a portion of the combined total Allowable Net Sales based on the percentage of the total allowable commodity sales reported by that participant. In this case, each participant's Maximum Matchable Deposit and Maximum Account Balance will be calculated using the Allowable Net Sales allocated by the Administration.

### 6.2 Evading Prescribed Limits

Participants, who have structured their business operations with the effect of avoiding application of the \$1.5 million Allowable Net Sales limit or the Maximum Account Balance, may have their operations combined. The combined Allowable Net Sales and account balance may be limited to Allowable Net Sales of \$1.5 million and a Maximum Account Balance of \$375,000.

### 6.3 Assignments

Program benefits cannot be assigned, or otherwise encumbered, except for the purposes of the Advance Payments Program as set out under the Agricultural Marketing Programs Act.

### 6.4 Overpayments and Debts Due to the Crown

You will be required to repay any benefits received under the program that are in excess of the amount permitted under the program guidelines. Interest will be charged 90 days after the date that notification of overpayment is issued. The interest rate used is the 90 day federal Treasury Bill rate plus two percent per annum, adjusted quarterly.

AgrilInvest overpayments and other Debts due to the Crown may be deducted from any monies paid out of your account held by the federal government and applied to the debt. When your account is held at a participating financial institution, debts due to the crown may be deducted from the government contribution as they are credited to your account.

### 6.5 Closing an Account

You can close your account and withdraw your balance at any time. Notify the financial institution that you want to close your account and the financial institution will report the account closure to the Administration.

Your account will be automatically closed if, for two consecutive years, you do not submit an AgrilInvest form by the final filing deadline or submit forms reporting no sales or purchases of allowable commodities:

- The Administration will send written authorization to your financial institution to close your account; and
- your account balance (Fund 1 and Fund 2) will be paid out to you in full.

The account of an entity that has ceased to exist will be closed at the time of dissolution and any funds in the account paid to the entity.

To participate in AgrilInvest after closing your account, submit your program year application. After your application has been processed the Administration will send you an Account Initiation Form with your Deposit Notice. Sign the Account Initiation Form and bring it to a participating financial institution to open a new AgrilInvest account.



## 7.0 Adjustments

Adjustments must be submitted in writing, directly to the Administration, and be clearly identified as a request for an adjustment.

Adjustments may require supporting documentation and are subject to verification, audit and/or inspection by the Administration. Where adjustments affect taxable income, the Administration may require that the adjustment be accepted by the Canada Revenue Agency (CRA) before it is accepted for program purposes. It is your responsibility to submit to the Administration copies of the Notice of Reassessment issued by the CRA, or notification of adjustments to information submitted to the CRA for income tax purposes.

If you are reassessed by the CRA, and your revised information affects your program year Allowable Net Sales, you must submit a copy of your Notice of Reassessment to the Administration.

### 7.1 Adjustments initiated by Producers

All adjustments received by the Administration will be processed to ensure the correct Allowable Net Sales is used in the calculation of the Maximum Account Balance. However, the impact of an adjustment on matchable deposits depends on when the adjustment is submitted.

**Adjustments received up to 18 months from the date of the original Deposit Notice:** Starting with the 2009 program year all adjustments made during this time period must increase your matchable deposit by \$75.00 or more in order for you to be eligible to make an additional deposit and receive matching government contributions.

Any additional deposits resulting from the adjustment must be made within 90 days of notification. Any subsequent adjustments related to that adjustment must be made within 90 days of notification or within 18 months of the original Deposit Notice, whichever is later.

For the 2007 and 2008 program years:

- Adjustments for any amount received within 90 days from the date of the Deposit Notice will be processed. If your original matchable deposit was less than \$75.00, the adjustment must increase your

matchable deposit to \$75.00 or more for you to be eligible to make an additional deposit and receive matching government contributions. If your original matchable deposit was greater than \$75.00, you will be notified when the adjustment has been processed. Any additional deposits resulting from the adjustment must be made within 90 days of notification. Any subsequent adjustments related to that adjustment must be made within 90 days of notification or within 18 months of the original Deposit Notice, whichever is later.

- Adjustments received after the 90 day deposit period up to 18 months from the date of the Deposit Notice must increase your matchable deposit by \$75.00 or more in order for you to be eligible to make an additional deposit and receive matching government contributions. Any additional deposits resulting from the adjustment must be made within 90 days of notification. Any subsequent adjustments related to that adjustment must be made within 90 days of notification or within 18 months of the original Deposit Notice, whichever is later.

**Adjustments received after 18 months from the date of the Deposit Notice:** You will not be eligible to make an additional deposit and receive matching government contributions for these adjustments.

In all cases, if the adjustment results in a decrease to your matchable deposit, you will be required to repay any amount that was overpaid.

For Example:

You receive your original Deposit Notice dated June 1, 2010. You have until December 1, 2011 to submit an adjustment (18 months from the date on your original Deposit Notice). You submit an adjustment to your original Deposit Notice on September 1, 2011, and you are notified that the adjustment was processed on November 1, 2011. You have until December 1, 2011 to submit adjustments to your original Deposit Notice, and you have until February 1, 2012 (90 days from the date of your notification) to submit a change to the information you already adjusted.





An adjustment request that is denied by the Administration may not be resubmitted. If you feel that program rules were not correctly applied by the Administration in denying your adjustment request, you may submit an appeal within 90 days of being notified of that decision.

**Note:** The Administration may accept applications or adjustments after a deadline, where a participant can demonstrate exceptional circumstances prevented them from meeting the deadline. Exceptional circumstances are those that could not have been avoided by the exercise of due care by the participant, or a third party acting on behalf of the participant. Some examples of exceptional circumstances include the serious illness or death of the participant or an immediate family member, or a catastrophic event that prevented the participant from meeting the deadline.

## 7.2 Adjustments Initiated by the Administration

Because the Administration is responsible for ensuring that all program benefits have been issued according to program guidelines and legislation, the Administration is not bound by deadlines in cases of adjustments initiated by the Administration.

## 8.0 Appeals

If you feel that program rules were not correctly applied in the processing of your application you may request a review of the application by the Administration. If the Administration cannot resolve your concerns, your request may be referred to an Appeals Committee. The Appeals Committee will review the appeals in accordance with procedures established by the Administration, and the agreements governing the program.

The Appeals Committee reviews cases to determine whether program rules have been applied correctly to your individual circumstances. All recommendations made by the Appeals Committee are considered non-binding.

**Note:** The Appeals Committee does not have the ability to create exceptions to program policies, such as eligibility criteria or any other provisions included in the Program Guidelines, the Growing Forward Agreement, or the *Farm Income Protection Act*. Therefore, if your appeal pertains to disagreeing with program rules rather than the application of the program rules, it will be denied by the Administration and will not be forwarded to the Appeals Committee.

Appeals must be submitted in writing to the Administration at:  
AgrInvest Program Appeals  
P.O. Box 2759 Station Main  
Winnipeg, MB  
R3C 4B4

You must submit an Appeals Submission Form within 90 days from the date you were notified in writing of the decision you are appealing (e.g. 90 days from notification that your adjustment request has not been accepted by the Administration). The Appeals Submission Form is available on the AgrInvest website at [www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest) or by calling the Administration toll free at 1-866-367-8506.

Appeal submissions must clearly identify the nature of the appeal and provide sufficient information and documentation to substantiate the appeal. If you do not identify the nature of the appeal and/or provide sufficient information and documentation to substantiate the appeal by the date specified by the Administration, your appeal will not be processed by the Administration.

The Administration may excuse missed deadlines in cases involving exceptional circumstances, where the failure to meet the requirements of the AgrInvest program could not be avoided by the exercise of due care by the producer or a third party acting on behalf of the producer. Examples of exceptional circumstances include Acts of God such as flash floods, unscheduled surgery, or the death or serious illness of the participant or an immediate member of the participant's family. When reviewing cases involving exceptional circumstances the length of time prior to the deadline when the events occurred will be taken into consideration.



Appellants, including those who use the services of a third party, are responsible for knowing and following program policies and deadlines.

**Note:** All participants including those in the process of an appeal must continue to meet all applicable program deadlines in order to be eligible for AgrilInvest.

## 9.0 Program Management

### 9.1 Audits, Verification and Accuracy of Information

The information on your AgrilInvest application will be used for the purposes of administering your participation in the program, determining your eligibility for benefits, verifying the information you submitted, as well as for the purposes of administering benefits under other farm income and special assistance programs, and for the purposes of audit, analysis, and evaluation of the AgrilInvest program and other farm income and special assistance programs.

By participating in AgrilInvest, you authorize the CRA to share information from your Statement A with the Minister of Agriculture and Agri-Food, and you authorize the Minister of Agriculture and Agri-Food to share the information on the application and any additional information that you provide as your application is processed, with provincial ministers of agriculture and with the administrators of other federal/provincial farm programs.

- You may be subject to audit on a pre or post payment basis by the Administration. Any information obtained through audit or inspection may be made available by the Administration to the CRA.
- If you provide false or misleading information you will be denied benefits for the program, and will be required to repay any benefits received. The Administration may also determine that you are ineligible to participate in future program years. Before your account is set to ineligible, the Administration will notify you in writing that you will be ineligible to participate in the program and you will have an opportunity to respond to the letter.

- If audit or inspection results in an increase to your maximum matchable deposit, you may deposit the additional amount by the deadline indicated on the notice and receive matching government contributions. If audit or inspection results in a decrease to your maximum matchable deposit you will be notified to withdraw the deposit and any overpayment of government contributions will be repayable by you.
- If you do not provide the required information or access to books and records within the specified time frame, you will be denied all or part of the benefits for the program year or will be required to repay any benefits received by you.
- It is your responsibility to ensure that information supplied to the CRA and Administration is correct and complete. You must inform the Administration of any changes or corrections to the information submitted.
- All participants including those in the process of an audit or an appeal must continue to meet all applicable program deadlines in order to be eligible for AgrilInvest.
- The Administration will not notify you of incorrect tax reporting. The Administration may adjust tax information as necessary for the purposes of calculating your Allowable Net Sales, but the Administration cannot make corrections to tax information with the CRA. You may be notified in writing that a correction with the CRA is required in order for your AgrilInvest application to be processed. In this case, you must make the correction with CRA and notify the Administration by the established deadline.

### 9.2 Privacy

The personal and financial information you provide to the Administration will be used only for the purposes of processing your AgrilInvest program application, or as allowed by law (e.g. the Farm Income Protection Act, the Income Tax Act, and the Financial Administration Act). Once your AgrilInvest program application is submitted the information becomes confidential. Information will only be used as specified on the AgrilInvest application or as instructed by you.

Personal information is protected under the Privacy Act and is stored in the Personal Information Bank number AAFC PPU 183. Information is protected from disclosure under Section 20 of the Access to Information Act.



# Appendix A

## Qualifying Point of Sale Adjustments

To be recognized as commodity income for AgrilInvest purposes, a commodity must meet all of the following conditions:

- The commodity is separate and identifiable from other producers' commodities; and
- You produced the commodity on your farm; and
- You bear full direct risk for the commodity; and
- You have a separate billing or accounting transaction clearly showing the commodity sales value and any deductions from the commodity sales value.

Below is a list of the most common qualifying point of sale adjustments:

Grains, Oilseeds and Special Crops	Horticulture	Livestock
<ul style="list-style-type: none"> <li>▪ Association/commodity organization dues</li> <li>▪ Custom Work (drying, field spraying, trucking related to production, inputs, soil testing)</li> <li>▪ Freight, elevation/handling (related to producer and agent-administered cars only)</li> <li>▪ Fertilizer, pesticides and chemicals</li> <li>▪ Grading and inspection</li> <li>▪ Interest</li> <li>▪ Farm supply accounts, excluding seeds and plants</li> <li>▪ Marketing board, commission, agency, selling fees</li> <li>▪ Research fees</li> <li>▪ Storage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advertising, promotion</li> <li>▪ Association/commodity organization dues</li> <li>▪ Chemical application</li> <li>▪ Co-operative charges</li> <li>▪ Custom work (field spraying, harvesting, trucking related to production inputs, soil testing)</li> <li>▪ Distribution/freight related to marketed product</li> <li>▪ Export levies</li> <li>▪ Fertilizers, pesticides and Chemicals</li> <li>▪ Field inspection</li> <li>▪ Grading and inspection</li> <li>▪ Interest</li> <li>▪ Marketing board, commission, agency, selling fee</li> <li>▪ Other farm supplies excluding seeds and plants</li> <li>▪ Packing</li> <li>▪ Research fees</li> <li>▪ Sorting</li> <li>▪ Storage</li> <li>▪ Washing</li> <li>▪ Waste charge</li> </ul>	<ul style="list-style-type: none"> <li>▪ Auction fees</li> <li>▪ Association/commodity organization dues</li> <li>▪ Brand Inspection</li> <li>▪ Custom work (trucking related to production inputs)</li> <li>▪ Export levies</li> <li>▪ Freight related to marketed product</li> <li>▪ Grading and inspection</li> <li>▪ Handling</li> <li>▪ Interest</li> <li>▪ Marketing board, commission, agency, selling fees</li> <li>▪ Medicine</li> <li>▪ Other farm supplies</li> <li>▪ Research fees</li> <li>▪ Yardage</li> <li>▪ Acreage measurement</li> </ul>



## Appendix B - Glossary of Terms

<b>Account:</b>	An AgrilInvest account established under the Agreement. Each AgrilInvest account has two components: Fund 1 and Fund 2.
<b>Administration:</b>	Federal or Provincial administration or agency that administers the AgrilInvest program for a specific province.
<b>Agreement:</b>	Federal/Provincial/Territorial Agreement with respect to AgrilInvest.
<b>Allowable Net Sales (ANS):</b>	Calculated by taking the sales of allowable agricultural commodities (including allowable program payments) less purchases of allowable agricultural commodities. A participant's ANS (after adjustments) can not exceed \$1.5 million for program purposes.
<b>Commodity:</b>	The agricultural products (plant or animal) produced by a farming business.
<b>CRA:</b>	Canada Revenue Agency
<b>Consolidated Revenue Fund (CRF):</b>	Funds on deposit with the Receiver General of Canada.
<b>Program Year:</b>	The year for which AgrilInvest forms are submitted, coinciding with a participant's fiscal year end.
<b>Deposit Notice:</b>	A notice sent to participants detailing their Allowable Net Sales, Maximum Matchable Deposit, and Maximum Account Balance for the program year.
<b>Entity:</b>	A participant other than an individual recognized by law as having rights and duties such as a corporation, co-operative, communal organization, or limited partnerships.
<b>Farming Income:</b>	Income derived from farming activities, as defined by CRA.
<b>Financial Institution:</b>	A Canadian bank, credit union, caisse populaire, Credit Union Central, Fédération, or other institution that has signed an agreement with the Government of Canada to legally hold a participant's AgrilInvest account. This also includes a credit union or caisse populaire which has entered into an agreement with the Credit Union Central or Fédération to be bound by the terms and conditions of the AgrilInvest Financial Institution Master Agreement.
<b>Fund 1:</b>	The component of the AgrilInvest account holding all matchable deposits made by the participant.
<b>Fund 2:</b>	The component of the AgrilInvest account holding all government contributions and all interest earned on the account (Fund 1 and Fund 2).
<b>Matchable Deposit:</b>	An account deposit made by a participant based on a percentage of ANS up to the established maximum.
<b>Participant:</b>	The holder of an AgrilInvest account.
<b>Program:</b>	AgrilInvest as defined in the Agreement.
<b>Program Forms:</b>	The forms prescribed by the Administration for the reporting of required program year information.

## Appendix C – Participating Financial Institutions

Participating Financial Institutions	Website
Alberta Credit Unions	<a href="http://www.albertacreditunions.com">www.albertacreditunions.com</a>
L'Alliance des Caisses populaires de l'Ontario limitée	<a href="http://www.caissealliance.com">www.caissealliance.com</a>
ATB Financial	<a href="http://www.atb.com">www.atb.com</a>
British Columbia Credit Unions	<a href="http://www.creditunionsofbc.com/Agriinvest">www.creditunionsofbc.com/Agriinvest</a>
BMO Bank of Montreal	<a href="http://www.bmo.com/agriinvest">www.bmo.com/agriinvest</a>
Caisses du Manitoba	<a href="http://www.caisse.biz">www.caisse.biz</a>
CIBC	<a href="http://www.cibc.com/small-business/agri-invest">www.cibc.com/small-business/agri-invest</a>
La Fédération des caisses populaires de l'Ontario	<a href="http://www.desjardins.com">www.desjardins.com</a>
Fédération des caisses populaires acadiennes Ltée	<a href="http://www.desjardins.com">www.desjardins.com</a>
Manitoba Credit Unions	<a href="http://www.creditunion.mb.ca/find/AgriInvestlinks.htm">www.creditunion.mb.ca/find/AgriInvestlinks.htm</a>
New Brunswick Credit Unions	<a href="http://www.ownershipisbetter.com/Agriinvest">www.ownershipisbetter.com/Agriinvest</a>
Nova Scotia Credit Unions	<a href="http://www.ownershipisbetter.com/Agriinvest">www.ownershipisbetter.com/Agriinvest</a>
Ontario Credit Unions	<a href="http://www.ontariocreditunions.com/agriinvest">www.ontariocreditunions.com/agriinvest</a>
Prince Edward Island Credit Unions	<a href="http://www.ownershipisbetter.com/Agriinvest">www.ownershipisbetter.com/Agriinvest</a>
RBC Royal Bank	<a href="http://www.rbcroyalbank.com/agriculture">www.rbcroyalbank.com/agriculture</a>
Saskatchewan Credit Unions	<a href="http://www.saskcu.com/pages/AgriInvest.aspx">www.saskcu.com/pages/AgriInvest.aspx</a>
Scotiabank	<a href="http://www.scotiabank.com/agriinvest">www.scotiabank.com/agriinvest</a>
TD Canada Trust	<a href="http://www.tdcanadatrust.com/agriculture">www.tdcanadatrust.com/agriculture</a>