



# AgrilInvest

A program specifically designed for agricultural producers.

Starting July 2010, producers can deposit in a ***Caisse AgrilInvest*** account and they will receive an equivalent contribution from the government.

# Program

- AgrilInvest is a producer savings account that provides flexible coverage for smaller income declines.
- The program supports investments that help mitigate risks or improve market income.
- Participants can make a deposit into their AgrilInvest account and receive matching government contributions.
- AgrilInvest is delivered by the federal government in all provinces except Quebec.



# What's New

- AgrilInvest deposits will be made at a participating Financial Institution chosen by the producer.
  - Information will be included in 2009 AgrilInvest Deposit Notices mailed to producers starting in July 2010.
  - Producers open one account which will hold both Fund 1 (producer contribution) and Fund 2 (government contribution)
  - Withdrawals can be requested at any time.

# Eligibility Requirements

- To be eligible to participate in AgriInvest, producers must:
- Farm as an Individual, Corporation, Cooperative, Status Indian or Trust
- Carry on the business of farming in Canada for the program year
- Report farming income (or loss) to the Canada Revenue Agency (CRA) for tax purposes for the program year, and
- Submit their AgriInvest program form by the application deadline



# Steps to Participate

	Individuals	Corporations, Cooperatives and Special Individuals
Complete Form	T1273/T1163–Statement A AgriStability and AgriInvest Program Information and Statement of Farming Activities for Individuals	AgriStability-AgriInvest Statement A
Submit to	Canada Revenue Agency	MB, NS, NB, NS, NL, YK ► AAFC BC, AB, SK, ON ► provincial admin
Deadline	September 30	September 30
Deadline (with penalty)	December 31	December 31

# Steps to Participate

## *(continued)*

- The Administration calculates AgriInvest benefits based on the financial information reported on the application.
- Participants are sent an AgriInvest Deposit Notice outlining their Maximum Matchable Deposit.
- Participants must make a deposit by the deadline on the Deposit Notice date (90 days from the date on the notice) to receive matching government funds.
- The deposit will be processed and the account will be credited with matching government contributions.
- Once credited to the account, the funds may be withdrawn at any time.

# Calculation of Benefits

- Producer deposits and matching government contributions are calculated as 1.5% of Allowable Net Sales.
- Allowable Net Sales (ANS) equals gross sales of allowable commodities *less* purchases of allowable commodities.

	Minimum	Maximum
ANS	\$5,000	\$1,500,000
Matchable Deposit	\$75	\$22,500

# Allowable Net Sales Calculation Example

- Gross sales of allowable commodities \$250,000  
(includes eligible program payments)
- Less purchases of allowable commodities - \$30,000  
(ex. seed, feed, livestock purchases)
- Allowable Net Sales \$220,000  
x 1.5%
- Maximum Matchable Deposit **\$3,300**
- Matching Government Contributions **\$3,300**

# Allowable Commodities

- All agricultural commodities whose sales are reportable to CRA as farming income with the following exceptions:
  - » Supply Managed Commodities;
  - » Commodities generated through aquaculture;
  - » Trees produced or harvested through use in reforestation, or for firewood, construction material, poles or posts, fibre or pulp and paper;
  - » Peat Moss;
  - » Livestock sold in the operation of a wild game reserve;
  - » Commodities purchased for resale.

# AgrInvest Accounts

- The AgrInvest account consists of two funds:
  - Fund 1 (producer deposits) and
  - Fund 2 (government contributions and interest earned).
- **Both** Fund 1 and Fund 2 are held in one account at a participating financial institution chosen by the producer.
- All interest earned on the account is held in Fund 2.
- Account balances are limited to 25% of the participant's average Allowable Net Sales for the program year and two preceding program years.

# AgrInvest Accounts

*(continued)*

- Opening an FI account:
  - Producers must present the **Account Initiation Form** to their financial institution.
  - The FI will complete Section B of the form and will notify the AgrInvest Administration once the account has been opened and a deposit has been made.
  - The AgrInvest Administration will
    - transfer funds held by the Government of Canada to the producer's new FI account;
    - will credit the account with matching government contributions.

# AgrInvest Accounts

*(continued)*

- Accounts will be closed where:
  - A participant does not submit program forms or reports no sales/purchases of eligible commodities for 2 consecutive program years; OR
  - A corporation ceases to exist
- Accounts can be transferred only in the following circumstances:
  - Incorporation of an individual operation
  - Estates
  - Legal Marital Separation and Divorce

# Tax Treatment

- Fund 1 Producer Deposits
  - Withdrawals from Fund 1 are not taxable when withdrawn (they are deposited as after tax)
- Fund 2 Government Contributions
  - Fund 2 monies and interest earned from money in both accounts are not taxed until withdrawn.
  - Withdrawals from Fund 2 are considered investment income for tax purposes.
- AAFC will issue an AGR-1 for tax purposes



# Deposit Notice

- The AgriInvest Deposit Notice indicates the participant's:
  - Allowable Net Sales
  - Maximum matchable deposit
  - Late Filing Penalty (if applicable)
  - Current and maximum account balance
  - Deposit deadline
- The Deposit Notice includes an **Account Initiation Form** to be used when opening an account at a participating Financial Institution.

# Deposits

- Participants have **90 days from the date of the Deposit Notice** to make a deposit in order to receive the matching government contributions.
- Only one deposit is allowed per Deposit Notice. If participants do not make the full maximum matchable deposit, they will not have the opportunity to deposit the remaining amount later.
- If the account balance limit has been reached, producers are not eligible to receive government contributions.
- Once the deposit is received and processed, participants will receive a Deposit Confirmation Notice.



# Withdrawals

- AgriInvest accounts are self-managed. Funds can be withdrawn at any time through your financial institution.
- Withdrawals are paid first paid from the Fund 2 portion of the account containing government contributions and interest, and are taxable in the year withdrawn.
- Withdrawals from Fund 1 are issued after Fund 2 has been depleted.

# Adjustments and Appeals

## Step 1 - Adjustment

- Participants may adjust the information originally submitted on their AgriInvest form and used in calculating the Allowable Net Sales.
- Adjustments that impact the matchable deposit can be submitted up to 18 months from the date of the Deposit Notice.
- Details on how to make an adjustment request are included on the Deposit Notice.

## Step 2 - Appeal

- If the adjustment request is not accepted by the Administration, you can request an appeal within 90 days from the date of notification.

# Important Dates

- 2009 Deposit Deadline
  - 2009 AgriInvest **Deposit Notices** will be issued starting in July 2010.
  - **IMPORTANT:** Participants have **90 days from the date on the Deposit Notice** in which to make a deposit.
- 2009 Application Deadline
  - September 30, 2010
  - December 31, 2010 (with penalty)

# For more information

## AgrInvest

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