



# Growing Forward 2

A federal-provincial-territorial initiative

## AgrilInvest Program Handbook



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*AgrilInvest Program Handbook*

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For more information, reach us at [www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest) or call us toll-free at 1-866-367-8506.



# Introduction

Growing Forward 2 (*GF2*) is a five-year policy framework for Canada's agricultural and agri-food sector (2013-2018).

*GF2* includes an effective suite of Business Risk Management programs that:

- promote innovation, competitiveness and market development and
- help producers manage production and market risk.

AgrilInvest is one of the Business Risk Management programs under *GF2*.

The federal and provincial/territorial governments cost share AgrilInvest on a 60/40 basis.

This Handbook gives you general information about AgrilInvest and explains the main program rules.

For more detailed program information, see the [AgrilInvest Program Guidelines](#).

If the information in the Program Guidelines and this Handbook differ, the Program Guidelines take precedence.



## How do you contact us?

You can call us toll free at

**1-866-367-8506** or

visit our website

**[www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest)**





## AgrilInvest Overview

AgrilInvest is a self-managed producer-government savings account designed to help producers:

- manage small income declines and
- make investments to manage risk and improve market income.

Each year, you can make a deposit into your AgrilInvest account and receive a matching contribution from the federal and provincial/territorial governments.



### Your AgrilInvest account grows as you:

- make annual deposits,
- receive matching government contributions and
- earn interest.

### Your AgrilInvest account consists of two funds:

**Fund 1** — holds your deposits

**Fund 2** — holds the matching government contributions and interest

You can withdraw funds from your AgrilInvest account **whenever** you want.

Withdrawals are made from Fund 2 first. These funds are **taxable**.

Once the Fund 2 balance is zero, withdrawals are made from Fund 1. These withdrawals are **not taxable**.

# Section 3



## Steps to Participate

### Step 1

Complete and send your AgrilInvest Form.

We calculate your benefits and send your Deposit Notice.



### Step 2

Make your deposit at your financial institution.

We match your deposit (the first 1% of Allowable Net Sales) and send you a Deposit Confirmation Notice.



### Step 3

Withdraw funds when you need them.

We will send you a Statement of Account.

### Step 1 — Complete your AgrilInvest form

Send your completed AgrilInvest form by the deadline.

<b>September 30</b>	<b>Initial deadline</b>
<b>December 31</b>	<b>Final deadline</b>

These deadlines apply even if you have an appeal or audit in progress. You can make your deposit on the next business day if your deadline falls on a Saturday, Sunday or statutory holiday.

If you send your form after the initial deadline, we will reduce your maximum matchable deposit by 5% for each month (or part of a month) past the initial deadline up to the final deadline.

We will process your form and send you a Deposit Notice showing you how much you can deposit into Fund 1 of your account.

To see how we calculate your deposit, go to page 9.

## Step 2 — Make your AgrilInvest deposit at your financial institution

Make your deposit to your AgrilInvest account at your financial institution. You have 90 days from the date we issue your Deposit Notice to make a deposit.



You can only make one deposit by the deadline shown on your Deposit Notice. If you deposit less than your maximum matchable deposit, you cannot make up for it later.

When your financial institution confirms that you made your deposit, we will:

- credit matching government contributions to Fund 2 of your account and
- send you a Deposit Confirmation Notice showing you that we processed your deposit.

For information on how to make a deposit see page 10.

## Step 3 — Withdraw your funds when you need them

You can withdraw funds from your AgrilInvest account any time. Funds are withdrawn from your account in the following order:

1. **Fund 2** — government contributions and interest (taxable)
2. **Fund 1** — your deposits (not taxable)

Each year in February, we will send you an annual Statement of Account showing all of your account transactions for the year, including any taxable withdrawals you made.

# Section 4



## Participation Overview

### Who can participate?

Participants include:

- individual producers
- partners in a partnership
- corporations
- co-operatives
- communal organizations
- estates
- trusts
- limited partnerships
- Status Indians and Band Farms farming on a reserve

To participate in AgrilInvest you must:

- farm in Canada
- file an income tax return reporting farming income (loss) to the Canada Revenue Agency by the final filing deadline for the program year (Status Indians farming on a reserve in Canada who are not required to file an income tax return are exempt from this condition)
- file an AgrilInvest form reporting sales and purchases of allowable commodities by the final deadline for the program year

### Who cannot participate?

The following individuals or entities cannot participate in AgrilInvest:

- government funded organizations, including research stations, universities and colleges
- former Federal Public Office Holders or Public Servants who are not in compliance with federal conflict of interest guidelines
- landlords earning rental income (cash rent or payments-in-kind) for crop or livestock shares or lease arrangements
- dissolved corporations





## Am I eligible to participate?

Generally, you are eligible for AgrilInvest if you earn income from producing primary agricultural products such as:

- grains, oilseeds and special crops
- horticulture
- livestock

If you farm as a landlord you are eligible only if you are in a joint venture with the tenant and your share of the allowable purchases is reasonable for your share of the allowable income.

If you farm as a custom feedlot operator, you are eligible based on the value of allowable commodities you produce (or purchase) and feed to livestock.

Agricultural products that you produce and process on your farm may also be eligible. Some processing examples include:

- strawberries made into jam
- beef made into beef jerky
- beeswax made into candles
- grain made into flour

For more information on eligible processed commodities, see [Is my production eligible for AgrilInvest?](#)

You may also need to comply with certain conditions set by your province or territory to receive government contributions. For more information on cross compliance, see [What is Cross Compliance?](#)

## What's not eligible for AgrilInvest?

The following production is not eligible for AgrilInvest:

- income and expenses from farming activities outside Canada
- supply managed commodities
- aquaculture

- peat moss
- sales of wild game reserve livestock
- resales of allowable commodities and some processed commodities
- hunt farms unless permitted by law
- trees or seedlings produced or harvested for:
  - firewood
  - construction material
  - poles or posts
  - fibre, pulp and paper
  - use in reforestation

For more information on eligibility, see [Is my production eligible for AgrilInvest?](#)

## Filing a form

If you are an individual producer or a partner in a partnership, you use the same form to file for AgrilInvest as you do to file your income tax. All other participants listed on page 7 complete a different form. To see which form you need to complete, see [What form do I complete for AgrilInvest?](#)

When you complete your form you must use the same method of accounting (cash or accrual) that you use to file your income tax.

If you have more than one farming operation, you must complete a separate form for each operation that reports farming income (loss) for tax purposes.

If you live and farm in different provinces, or you farm in more than one province, use the form for the province where you earned most of your gross farming income in the past five years.





# Deposits

We base your deposit on your Allowable Net Sales (ANS).

## What are Allowable Net Sales?

Allowable Net Sales are the gross sales minus purchases of your allowable commodities.

Your gross sales include the following program payments that compensate you for lost production:

- AgrilInsurance
- Wildlife Damage Compensation
- Canadian Food Inspection Agency

### Allowable Net Sales calculation example

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

Because AgrilInvest benefits are based on Allowable Net Sales, you must determine the point where the sale of your commodity occurred.

The point of sale is determined by the following conditions:

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

For more information on point of sale, see [What is Point of Sale?](#)

## How is my deposit calculated?

You can deposit up to 100% of your Allowable Net Sales and receive a matching government contribution on 1% of your Allowable Net Sales.

### Matching government contribution example

Allowable Net Sales (ANS)	\$100,000
You can deposit up to 100% of your ANS	\$100,000
You will receive a Matching Government Contribution on 1% of your ANS	\$ 1,000

### Are there deposit limits?

The maximum Allowable Net Sales you can have in a year is \$1.5 million. Based on this limit, the maximum matchable deposit you can make annually is \$15,000.

You must have Allowable Net Sales of at least \$7,500 to make a deposit. Based on this limit, the minimum deposit you can make is \$75.

### Maximum and Minimum Deposit Limits

Maximum Allowable Net Sales (ANS)	\$1,500,000
Maximum Matchable Deposit (\$1,500,000 ANS x 1%)	\$ 15,000
Minimum Allowable Net Sales (for matching government contributions)	\$ 7,500
Minimum Matchable Deposit (\$7,500 ANS x 1%)	\$ 75

If you have more than one operation and they are structured with the effect of avoiding this limit, we may combine them and apply the limit.

### How do I make my deposit?

Make your deposit to your AgrilInvest account at your financial institution by the deadline on your Deposit Notice.

You can make your deposit on the next business day if your deposit deadline falls on a Saturday, Sunday or statutory holiday.

If you deposit after your deadline, you will not receive matching government contributions.

You can only make one deposit by the deadline shown on your Deposit Notice. If you deposit less than your maximum matchable deposit, you cannot make up for it later.

If you deposit more than your maximum deposit it is an excess deposit and should be withdrawn.

For information on how to open and manage an AgrilInvest account at a financial institution, see [How do I open, manage and close my AgrilInvest account?](#)

### Does my account earn interest?

Your deposit begins to earn interest on the date you deposit to your account.

The matching government contributions earn interest from the date the funds are credited to your account. Interest earned on your account goes into Fund 2 and is taxable when withdrawn.

# Section 6



## Withdrawals

### When can I withdraw my money?

You can withdraw from your AgrilInvest account whenever you want.

When you make a withdrawal, the government contributions and interest in Fund 2 of your account are withdrawn first. These funds are taxable.

Once your Fund 2 balance is zero, withdrawals are taken from Fund 1, these funds are not taxable.

If you have excess deposits, these funds are withdrawn first and are not taxable.

We will send you a tax slip each year in February if you have any taxable withdrawals over \$100.

Taxable withdrawals from Fund 2 must be reported as investment income to the Canada Revenue Agency.





# Section 7



## Account Balance Limit

There is a limit to how much you can have in your AgriInvest account.

The maximum account balance limit is 400% of your average Allowable Net Sales from the current and two prior program years.

If you did not report Allowable Net Sales for one or more of these years, we base your limit on the years available.

### Maximum account balance limit example

Year 1 - Allowable Net Sales	\$100,000
Year 2 - Allowable Net Sales	\$120,000
Year 3 - Allowable Net Sales	\$140,000
<b>Total - Allowable Net Sales</b>	<b>\$360,000</b>
<b>Average Allowable Net Sales</b> (Total Allowable Net Sales ÷ 3)	<b>\$120,000</b>
<b>Maximum Account Balance Limit</b> (Average Allowable Net Sales x 400%)	<b>\$480,000</b>

When your account balance is at or near your maximum account balance limit, you must withdraw funds to make room in your account for both your deposit and the matching government contributions.

The example below shows how much you have to withdraw when you reach your maximum account balance limit.

### Reaching the maximum account balance limit example

<b>Maximum Account Balance Limit</b> (Average Allowable Net Sales x 400%)	<b>\$480,000</b>
<b>Total Account Balance</b>	<b>\$480,000</b>
<b>Maximum Matchable Deposit</b>	<b>\$ 1,000</b>
<b>Withdrawal required to make room for your maximum matchable government contribution</b>	<b>\$ 2,000</b>

If you exceed your maximum account balance limit, you must withdraw the excess funds or we may close your account.



# Adjustments, Appeals and Audits

## Can the Administration adjust my form?

If we find incorrect information, we will adjust your information and recalculate your benefit.

We may adjust your information for up to six years from the date of your original Deposit Notice.

Any adjustment we start and complete after that time will not change your matchable deposit unless we:

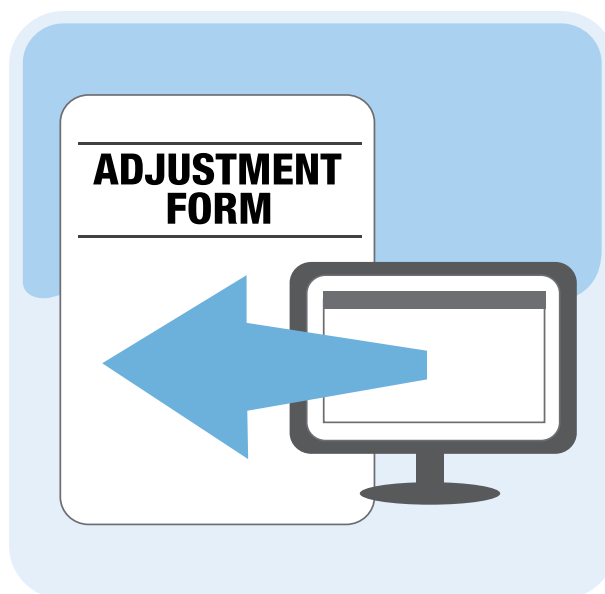
- provide written notice to you before the end of the six year period or
- find the information you gave is false or misleading.

If you participate in AgriStability and we adjust your information, we may also adjust the information for AgrilInvest if it affects your matchable deposit.

If the adjustment results in a reduction to your benefit, you must repay any overpaid amount.

Interest charges will begin to accrue 30 days after we issue the overpayment notice. The interest rate is the 90-day federal Treasury Bill rate plus two percent a year, adjusted quarterly.

We may recover your overpayment from future government contributions.



## How do I adjust my AgrilInvest form?

Complete and send an AgriStability and AgrilInvest adjustment form. To obtain your form, see [How do I make an adjustment to my form?](#)

You have 18 months from the issue date on your original Deposit Notice to send us an adjustment.

If your adjustment increases your net income or your deposit, you must report the change to the Canada Revenue Agency first. We will adjust your AgrilInvest information once you send us your Notice of Reassessment.

Your adjustment must increase or decrease your matchable deposit by \$75 or more to be:

- eligible to make another deposit and receive a matching government contribution or
- considered an overpayment.

We will send you an adjusted Deposit Notice after we process your adjustment.

If your adjustment results in an increased deposit, you will have 90 days to make your deposit.

Any further adjustments to the information you adjusted must be made by the later of:

- 90 days after your revised Deposit Notice
- 18 months after your original Deposit Notice.

If we do not accept your adjustment request and you think we did not apply the program rules correctly, you may request an appeal within 90 days of your notice of denial.

## When can I request an appeal?

You may request an appeal if:

- you think we did not apply the program rules correctly in processing your form or adjustment or
- you have exceptional circumstances that prevented you from meeting a deadline.

Some examples of exceptional circumstances are:

- a severe illness
- a serious injury
- an unscheduled surgery
- a divorce
- a death
- a disastrous event such as a flash flood or fire

If you, your representative or your immediate family member experienced exceptional circumstances, we may accept your form or adjustment after the deadline depending when the event occurred.

Appeals will not be accepted if they create exceptions to program rules outlined in the AgrilInvest Guidelines or the *Growing Forward 2* Framework Agreement.

## How do I appeal?

Complete an Appeal Submission Form within 90 days from the date we deny your request. In your Appeal you must:

- clearly identify the nature of your appeal and
- provide documentation to support your appeal.

Send your Appeal Submission Form to:

### **AgrilInvest Program Appeals**

P.O. Box 2759 Station Main  
Winnipeg, MB R3C 4B4

For information on the appeals process and for an Appeal Submission Form, see [Can I Submit an Appeal?](#)

## Can my AgrilInvest information be audited?

We may audit your information at any time.

If the audit results in an increase to your deposit, you may deposit the additional amount by the deadline.

If the audit results in a decrease to your deposit, or you are found to be ineligible, you must repay any benefits you were not entitled to receive.

We may share any information we obtain through the audit with the Canada Revenue Agency.

You are required to comply with our audit request. We will deny your program benefits and you will have to repay any benefits you received if:

- we don't receive the information we ask for,
- we don't get access to your books and records or
- you provide false or misleading information.





# Assignments, Bankruptcy and Estates

## Can my AgrilInvest benefits be assigned?

Your AgrilInvest benefits cannot be assigned to any other program.

## What happens if I declare bankruptcy?

If you declare bankruptcy, you may participate through your Trustee in bankruptcy in the program year if you meet the AgrilInvest eligibility requirements.

The Trustee will manage your AgrilInvest account until the bankruptcy is discharged. We will process any deposits or withdrawals from your account based on instructions from your Trustee.

Your Trustee may access your information subject to the *Privacy Act*.

## Can estates participate?

The estate of a deceased participant may participate if the estate meets the eligibility requirements. The executor/executrix or administrator must notify us in writing of the participant's death.

We will close the estate account and pay the balance to the estate upon the request of the executor/executrix or administrator.

To close an estate account, we require:

- a completed [Estate Administration Form](#) or a signed written request to close the account that provides the last year the estate will participate in the program and the current contact information and mailing address,
- a certified copy of the probated will or letters of administration/probate and
- a certified copy of the death certificate.

For more information on closing an estate account, see [What happens to a deceased participant's account?](#)

# Section 10

## AgrilInvest Account Transfers

You may transfer your individual account to a corporation, a surviving spouse or a spouse on separation or divorce. Accounts of entities (for example corporations) cannot be transferred.

Account transfers do not extend your Deposit Notice deadline. You must continue to meet the deposit deadline on any previous Deposit Notices to be eligible to receive matching government contributions.

Once we process your transfer request, we will send an Account Initiation form for your new account.

### Individual account to a corporation

If you incorporate your farming operation, you can transfer your individual account to the corporation if you provide:

- written notice that you want to transfer your individual account to a corporation providing your last year participating as an individual and the corporation's:
  - name and contact information
  - Business Number
  - Participant Identification Number (PIN) if it has an existing AgrilInvest account

- proof that:
  - a legal transfer of the account has taken place under the Income Tax Act or a signed declaration that you filed an election under Section 85 of the Income Tax Act or
  - a copy of original contract between you and the corporation which lists the account as an asset.

### Estates

A deceased participant's AgrilInvest Account can only be transferred to a surviving spouse. However, beneficiaries who inherit most of an estate may use the account history.

To transfer an account to a surviving spouse, the executor/executrix or administrator must submit:

- a completed [Estate Administration Form](#) or a signed written request to transfer the account providing the last year of participation for the deceased participant and the surviving spouse's:
  - name and contact information
  - social insurance number
  - Participant Identification Number (PIN) if they have an existing AgrilInvest account
- a certified copy of a probated will or letters of administration/probate and
- a certified copy of the death certificate.

## Legal separation or divorce

Any account may be divided into two individual accounts based on the terms of the formal separation agreement.

To divide an account you must provide:

- a written request to divide your AgrilInvest account, indicating your separating or divorcing spouse's:
  - name and contact information
  - social insurance number
  - Participant Identification Number (PIN) if your spouse has an existing AgrilInvest Account
- a copy of a separation agreement signed by both parties with the signatures witnessed.

For more information on account transfers, see [How do I open, manage and close my AgrilInvest account?](#)





## Account Closures

### When can I close my account?

You can close your account and withdraw the balance any time. Your financial institution will report the closure to us.

### Can the Administration close my account?

We will automatically close your account and tell your financial institution to pay the balance to you if:

- you do not submit a form reporting sales or purchases of allowable commodities for 2 years in a row or
- you operate an entity that dissolves. (*You must notify us if you dissolve your operation.*)

### Can I reopen my account?

You can open an AgrilInvest account any time by sending us a completed form reporting sales and purchases of allowable commodities.

We will send you an Account Initiation Form with your Deposit Notice so you can open a new AgrilInvest account at a participating financial institution.



# Section 12



## Privacy of your Information

By participating in AgrilInvest, you allow the Canada Revenue Agency to share your Statement A information with the Minister of Agriculture and Agri-Food.

You also allow the Minister of Agriculture and Agri-Food to share your AgrilInvest information with provincial/territorial agriculture ministers and federal, provincial and territorial administrators of other farm programs. This includes information on your form or any other information you give us related to your form.

We use the information on your AgrilInvest form to:

- manage your participation in the program,
- determine your eligibility for benefits,
- verify the information submitted,
- issue tax receipts,
- administer benefits under other farm income and special assistance programs and
- conduct audit, analysis and evaluation of the AgrilInvest program and other farm income and special assistance programs.

See the *Confidential Information and Participant Consent* area on the form for details on the use of your information.

Once you send your AgrilInvest program application, the information becomes confidential. We will only use the information as noted on the form or as you direct us.

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.



# AgrilInvest Terms

**Account:** Under the Agreement, refers to your AgrilInvest account. Each AgrilInvest account has two parts: Fund 1 and Fund 2.

**Administration:** Federal or Provincial government or agency that manages the AgrilInvest program for your province or territory.

**Agreement:** Federal, Provincial and Territorial Agreement for AgrilInvest.

**Allowable Net Sales (ANS):** Allowable agricultural commodity sales minus allowable commodity purchases.

**Allowable Net Sales Limit:** \$1.5 million for each eligible participant.

**Commodity:** The agricultural products (plant or animal) produced by a farming business.

**Deposit Notice:** A notice sent to participants detailing their Allowable Net Sales, Maximum Matchable Deposit and Maximum Account Balance for the program year.

**Farming Income:** Income earned from farming as defined by the Canada Revenue Agency (CRA).

**Financial Institution:** 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 includes a credit union or caisse populaire which enters an agreement with the Credit Union Central or Fédération. They must also follow the AgrilInvest Financial Institution Master Agreement terms and conditions.

**Fund 1:** The part of the Account holding all deposits (allowed under the program) made by the participant

**Fund 2:** The part of the AgrilInvest account holding all government contributions and all interest paid on the account (Fund 1 and Fund 2).

**Matchable Deposit:** The first 1% of a participant's Maximum Matchable Deposit.

**Maximum Account Balance:** 400% of your average Allowable Net Sales for the program year and two preceding program years, except for any years with no calculation under the program for the Allowable Net Sales.

**Participant:** The holder of an AgrilInvest account.

**Program:** AgrilInvest as defined in the *Growing Forward 2* policy framework.

**Program Forms:** The forms prescribed by us to report needed program year information.

**Program Year:** The year of submission of AgrilInvest forms, matching with a participant's fiscal year end.