

# Sustainable Canadian Agricultural Partnership

Competitive. Innovative. Resilient.

## AgriStability

### Program Handbook – Revised 2024

(2023-2027 Program Years)





Revised December 2024

AgriStability Program Handbook

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Pour plus d'informations, contactez-nous à [agriculture.canada.ca/agristabilite](https://agriculture.canada.ca/agristabilite) ou appelez-nous sans frais au 1-866-367-8506.

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## Section 1: Introduction

The Sustainable Canadian Agricultural Partnership (Sustainable CAP) is a five-year policy framework for the 2023 to 2027 program years. The framework includes an effective suite of Business Risk Management programs to help producers manage significant risks that threaten the viability of their farm.

AgriStability is one of the Business Risk Management programs under Sustainable CAP. It protects Canadian producers against large declines in farming income for reasons such as production loss, increased costs and market conditions.

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

This handbook gives you general information about AgriStability and explains the main program rules.

For more detailed program information, see the AgriStability 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 at [agriculture.canada.ca/agristability](http://agriculture.canada.ca/agristability).

## Section 2: AgriStability overview

AgriStability is a margin based program designed to help producers manage large income declines.

Each year, you must enrol in the program, pay your fee and submit a form by the applicable deadlines.

You may receive a payment if your production margin in the current year falls below your historical reference margin by more than 30%.

## Section 3: Participation overview

### Who can participate?

Participants include:

- individual producers
- landlords in a joint venture\*
- partners in a partnership
- corporations
- co-operatives
- communal organizations
- estates
- trusts
- limited partnerships
- Status Indians and Band farms farming on a reserve

\* 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 expense is reasonable for your share of the allowable income.

### **Who cannot participate?**

The following individuals or entities cannot participate in AgriStability:

- 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?**

You are eligible to participate in AgriStability if you:

- farm in Canada
- file an income tax return reporting farming income or loss to the Canada Revenue Agency (CRA) by the final filing deadline for the program year (except Status Indians farming on a reserve in Canada who are exempt from filing a tax return)
- complete a minimum of six consecutive months of farming activity and a production cycle, unless you experienced a disaster
- enrol in the program, pay your fee and file a form by the applicable deadlines

You may also need to comply with certain conditions set by your province or territory to receive a benefit. For more information on cross compliance, see the “What is cross compliance?” fact sheet.

If you are an established farmer, you must have filed farming income for tax purposes for all reference years in which you farmed.

If you are a new farmer, you are eligible to participate as long as you meet the requirements in the program year.

If you are a custom feedlot operator you are eligible based on the value of allowable commodities you produce (or purchase) and feed to livestock. You must also make an appreciable contribution to the growth and maturity of the livestock.

If you are a custom grazing operator you are eligible if:

- you own and actively manage the forage acres
- your income and expenses reflect a reasonable feed volume for the animals on pasture

### **What commodities are eligible for AgriStability?**

Most commodities reported to the Canada Revenue Agency as farming income are eligible for AgriStability, such as:

- grains, oilseeds and specialty crops
- forages
- edible horticulture (fruits, vegetables, herbs, etc.)
- non-edible horticulture (Christmas trees, shrubs, flowers, etc.)
- livestock

Agricultural products that you produce and process on your farm may also be eligible, providing they do not make up the majority of your farm. Some processing examples include:

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

Income and expenses from futures market transactions are allowable as part of a hedging strategy providing they:

- were undertaken in commodities produced, purchased and/or consumed on your farm or would be considered a proxy for that commodity
- represent a volume of product that could either be reasonably produced and/or consumed on the farm

Where no direct market for hedging exists or where the market is thinly traded, a high correlated market may be used as a proxy.

Agricultural products that you purchase and then resell are not eligible unless you have made an appreciable contribution to the growth or increased their value. For example, purchasing cattle and reselling them after a weight gain of at least 90 kg would be considered eligible. Purchasing wheat for resale would not be eligible.

Income and expenses related to the following commodities or activities are not eligible for AgriStability:

- farming activities outside of Canada (only the portion farmed in Canada is eligible)
- aquaculture
- peat moss
- cannabis and cannabis by-products (except for industrial hemp)
- operation of a wild game reserve
- resales of purchased commodities/inputs
- hunt farms unless permitted by law
- trees or seedlings produced or harvested for:
  - firewood
  - construction material
  - poles or posts
  - use in reforestation

## Section 4: Steps to participate

### Step 1 - Enrol

Each year you must enrol in the program by the enrolment deadline.

APRIL 30*	Enrolment deadline
*Unless otherwise shown on your Enrolment Notice	

If you have participated in AgriStability in the last two years, we will automatically issue you an Enrolment Notice where possible or send you a letter inviting you to participate. Contact us if you have not received your Enrolment Notice by April 30 of the program year.

If you are a new participant or returning after not participating in the program for more than two years, you must:

- complete the New and Rejoining Participant Information form available on our website (or contact us to request one)
- return the form by the April 30 enrolment deadline

It's easy for new and rejoining participants to enrol in AgriStability. To minimize the upfront information required, we calculate your program fee using industry averages rather than your actual records. You only have to submit your current productive capacity to enrol.

Once you are enrolled, we will send you an Enrolment Notice showing you the fee you have to pay to participate in the program. You also have to pay a \$55 administrative cost share.

### Step 2 – Pay your fee

Pay your fee and the administrative cost share by the deadline.

APRIL 30*	Initial fee deadline
DECEMBER 31*	Final fee deadline with penalty
*Unless otherwise shown on your Enrolment Notice	

The initial deadline to pay your fee without penalty is April 30. If you miss the April 30 deadline, you have until December 31 to pay your fee with a penalty equal to 20% of your fee.

You can pay your fee on the next business day if your enrolment deadline falls on a Saturday, Sunday or public holiday.

You can send your fee directly to us, or you can register with your financial institution to pay electronically.

For more information on how we calculate your fee and where to pay it, see the “How is your fee calculated?” fact sheet.

### Late participation

If agreed to by the federal and provincial governments, a province/territory may allow producers the opportunity to participate in AgriStability after the enrolment deadline if:

- there has been a significant downturn in the farm sector, and
- program participation is low

However, benefits will be reduced by 20% for producers joining the program late.

Late participants pay:

- An upfront fee of \$300 (\$245 fee plus the \$55 administrative cost share) before we process your application.
- An additional fee of \$3.15 for every \$1,000 of protected reference margin (minus the \$245 fee you have already paid). This additional fee is required only if you receive a payment. We will deduct it from your payment.

For more information on late participation, see the “What is late participation?” fact sheet.

### Step 3 – Complete and send your form

Once your program year is over, send your completed AgriStability form by the deadline.

<b>SEPTEMBER 30</b>	Initial filing deadline (without penalty)
<b>DECEMBER 31</b>	Final filing deadline (with penalty)

Starting with the 2024 program year, there are new deadlines for filing your AgriStability form:

<b>JUNE 30</b>	Initial filing deadline (without penalty)
<b>SEPTEMBER 30</b>	Final filing deadline (with penalty)

These deadlines apply even if you have an appeal or audit in progress.

If you send your form after the initial deadline, we will reduce your payment (if you receive one) by \$500 for each month or part of a month past the initial deadline up to the final deadline.

You can send your form on the next business day if the deadline falls on a Saturday, Sunday or public holiday.

If you are an individual producer, a partner in a partnership or an estate, you must use the same form to file for AgriStability as you do to file your income tax. All other participants listed in Section 3 need to complete a different form.

For more information on which form to complete and the deadlines to apply, see the “What form do you need to complete?” fact sheet.

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 or 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 farming income for the past five years.

## Section 5: Payment calculation

We base your AgriStability payment on your farm's program year and prior year margins. To receive a payment, your production margin for the program year must fall below your historical reference margin by more than 30%.

### What is a production margin?

Each year we calculate your production margin by subtracting your allowable expenses from your allowable income.

If you operate on a cash basis, we also adjust your margin for the change in value of your accounts receivable/payable, purchased inputs and inventories to get a full picture of your farm.

Allowable income		\$200,000
Allowable expenses	-	\$110,000
Crop inventory	+	-\$56,000
Accounts receivable	+	\$50,000
Purchased inputs	+	-\$4,000
Production margin	=	\$80,000

For more information on production margins and allowable income and expense items, see the "How are production margins calculated?" fact sheet.

### Fiscal periods greater than or less than 12 months

If you have a fiscal period that is less than a full year (i.e., a stub period), we may combine the information from that fiscal period with your prior fiscal period information and prorate it to reflect a full year.

If your stub period results in a program year with less than six months of production or no production cycle, you may not be eligible to apply for that program year.

If a fiscal year is more than 12 months, and reflects more than the normal amount of income and expenses, we will prorate the fiscal year to reflect a full year.

If you have two fiscal period year-ends within the same calendar year, we will combine the information from both fiscal periods and prorate to reflect a full year.

## What is a reference margin?

Your reference margin is based on your production margins for the previous five years. We drop the highest and lowest years and average the remaining three years. This is called an olympic average.

Reference year	Production margin	Years used	
1	\$220,000	-	
2	\$229,000	✓	\$229,000
3	\$260,000	✓	\$260,000
4	\$258,000	✓	\$258,000
5	\$295,000	-	
		Total =	\$747,000
			divide by 3
<b>Reference margin = \$249,000</b>			

If you do not have five years of history, we will base your reference margin on the previous three years.

If you are an established farmer who is joining the program for the first time or rejoining the program after being out for 4 or more years, we will calculate your reference margin using your most recent 3 reference years. We will do this until we have 5 years of history on file and can calculate an olympic average.

If you are a new farmer and do not have 3 years of history, we will create margins for the missing years using industry averages.

For more information on reference margins margin limits, see the “How are reference margins calculated?” fact sheet.

## Tax-aligned reference margins

Starting with the 2024 program year, you can choose to have your reference margin calculated using the same method of accounting you use to file your taxes (cash or accrual). This feature only applies to your reference margin. Your program year margin will remain on the accrual basis.

For cash filers:

- this means your reference margins will no longer be adjusted to account for purchased inputs, deferred income, accounts receivable and payable and crops and livestock inventory
- you'll no longer have to send the Administration up to five years of historical accrual information, significantly reducing the information you have to provide

For accrual filers:

- you will continue to have your reference margins based on the 5 years of historical accrual income and expense information that you report to the Canada Revenue Agency for tax purposes
- for accrual filers with livestock, the breeding herd adjustment will no longer apply to your reference years (used to adjust the valuation of breeding animals and culled breeding animal that you report for tax purposes)

For more information on tax-aligned reference margins, see the “How to choose a tax-aligned reference margin” fact sheet.

### Coverage notice

Starting in 2024, if you opted for a tax-aligned reference margin, you can choose to receive a coverage notice that will:

- provide an estimate of your reference margin
- help you better determine if you qualify for a benefit for the current program year
- indicate whether you need to provide supplementary information

For more information on the coverage notice, see the “How to apply for a coverage notice” fact sheet.

### How is a payment triggered?

A payment is triggered when your production margin for the program year falls more than 30% below your reference margin. AgriStability covers 80% of your decline that is beyond the 30%.

Reference Margin	\$249,000 x 70%
Payment Trigger Level	\$174,300
Production Margin	\$80,000
Decline	\$94,300
AgriStability benefit (80% of decline)	\$75,440

If your production margin falls below zero, your negative margin will be protected at 80% if:

- you have either a positive reference margin, or 2 out of 3 margins used to calculate your reference margin are positive
- you have used sound management practices
- your negative margin occurred for reasons beyond your control

If AgriInsurance was available, and you did not insure all of your insurable commodities at the 70% level, your negative margin payment will be reduced by 70% of your deemed AgriInsurance benefits, minus premiums.

For more information on payment calculations, see the “How is your payment calculated?” fact sheet.

## Section 6: Structural change

Your farm may undergo a structural change adjustment if there is a change in the:

- size or structure of the farm
- type of farming activity

If the structural change results in a change of 10% and \$5,000 in your reference margin, we will adjust your reference margin so it more accurately reflects the structure of your farm in the program year.

If you experienced a disaster that reduced your production, we may waive the structural change adjustment to ensure assistance is received in times of need.

For more information on structural change adjustments, see the “How are structural change adjustments calculated?” fact sheet.

## **Section 7: Combining participants**

We may combine your farm with another farm even if each farm reports separately for income tax if the farms are not:

- legally independent
- financially independent
- operationally independent

Some examples of when we may combine farms and treat them as a whole farm are when:

- all or some of the transactions between the farms are not at fair market value
- the farms do not maintain separate books
- the farms share the same land or equipment

If we combine your farm with another farm, your payment will be based on your share of the whole farm’s reference margin and production margin.

For more information on combining farms, see the “What is whole farm combining?” fact sheet.

## **Section 8: Payment information**

Once we process your form, we will send you a Calculation of Program Benefits showing how we calculated your benefit along with your payment if applicable.

The maximum payment a participant can receive (including combined operations) is the lower of \$3 million, or 70% of a participant’s margin decline.

We do not issue AgriStability payments for less than \$250.

AgriStability payments are taxable farming income in the year the payment is made.

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

Overpayments will be charged interest 30 days after the date you were notified of the overpayment.

Debts due to the crown may be deducted from any monies payable to you.

## **Section 9: Joining, starting, leaving, or splitting an operation and corporate**

## amalgamations

### Joining a partnership

If you join an existing partnership, we will assign a portion of that partnership's reference margin to you based on your percentage share of the partnership in the program year.

If you leave an existing partnership and continue to farm, we may assign you all or part of the partnership's reference margin.

### Starting or leaving a corporation

If you incorporate your farming operation, you can transfer your historical margins to the corporation if you provide:

- written notice of the intent to transfer and the corporation's:
  - name and contact information
  - business number
  - participant identification number (PIN), if they already have one
- documentation showing:
  - a legal transfer 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 the original contract between you and the corporation

If you dissolve a corporation and continue to farm, we may assign you all or a portion of the corporation's reference margin.

If you leave a corporation that continues to operate and you do not take any land or inventory, we may treat you as a beginning farmer.

### Splitting an operation

If you are part of an operation that has been split, you will retain a share of that operation's reference history and continue in the program as an independent participant. An operation's reference margin may be split in cases of divorce/separation or if a corporation is split and there is a permanent division of controlling interest.

If this split is not a permanent division of controlling interest (i.e. risk-splitting), we will combine each operation emerging from the split until each party has accumulated an independent reference margin.

### Corporate amalgamation

When two or more corporations legally amalgamate to form a new corporation, the new corporation is viewed as a continuation of the previous corporations. Where an amalgamation has occurred, we will transfer the historical margins from the original corporations to the new corporation.

Before we can transfer your margins, you must provide:

- legal documents (example: articles of amalgamation or similar documents)

## **Section 10: Interim and targeted advance payments**

An interim payment is an advance on your final payment. You can apply for an interim payment if you need access to program funds before you have completed your program year.

We calculate an interim payment based on your estimated production margin for the program year, relative to your estimated reference margin. Your estimated margin must decline by more than 30% of your estimated reference margin.

To help prevent overpayments, interim payments are generally paid at 50% of your estimated final benefit.

In years when there is a need for more timely cash flow that cannot be addressed by the interim payment, governments may agree to make a targeted advance payment available to certain sectors or regions.

We calculate a targeted advance payment by comparing the industry average margin decline to your most recent reference margin we have available. A targeted advance payment cannot be greater than 75% of your total estimated benefit.

If you receive an interim payment or a targeted advance payment, you must file a final form for the program year and meet all of the program requirements. If not, you will have to repay any benefits you received.

If you apply for an interim payment or targeted advance payment, we will consider you enrolled in the program if you apply before your enrolment deadline.

For more information see the “How are interim payments and targeted advance payments calculated?” fact sheet.

## **Section 11: Ending your participation**

To end your participation in AgriStability:

- tick the “I will not participate” box on the tear off portion of your Enrolment Notice and return it to us by your enrolment deadline; or
- notify us in writing by your enrolment deadline

If you do not notify us by your enrolment deadline, you will be automatically enrolled and you will have to pay the fee, administrative cost share and any late filing penalties for that year.

## **Section 12: Adjustments and appeals**

### **Can the administration adjust my form?**

We can adjust your information for a program year for up to six years from the date of your original Calculation of Program Benefits.

Any adjustment we start and complete after that time will not change your benefit for that year unless

we:

- notify you in writing before the end of the six year period; or
- determine that the information you provided on your form was false or misleading

If you participate in AgriInvest, and we adjust your AgriInvest information, we may also adjust the information for AgriStability if it affects your benefit.

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 you the overpayment notice. The interest rate is the 90-day federal Treasury Bill rate plus 2% a year, adjusted quarterly.

We may recover your overpayment from future government benefits.

### **Can I adjust my AgriStability information?**

To adjust your information, complete and send us an adjustment form.

You have 18 months from the issue date on your original Calculation of Program Benefits to send us an adjustment.

If your adjustment changes your net income, we may:

- require you to report the change to the Canada Revenue Agency first
- request a copy of your Notice of re-assessment before we will adjust your AgriStability information

We will send you an adjusted Calculation of Program Benefits after we process your adjustment. Any further adjustments to the information you adjusted must be made by the later of:

- 90 days after your revised Calculation of Program Benefits
- 18 months from the issue date of your original Calculation of Program Benefits

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.

For more information on the adjustment process, see the “How do you make an adjustment to your form?” fact sheet.

### **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:

- severe illness
- serious injury
- unscheduled surgery
- divorce
- death
- 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 on when the event occurred.

Appeals will not be accepted if they create exceptions to the program rules outlined in the AgriStability Guidelines or the Sustainable Canadian Agricultural Partnership Framework Agreement.

### How do I appeal?

To request an appeal, complete an AgriStability Program Appeal Submission Form within 90 days from the date we deny your request:

- clearly identifying the nature of your appeal
- providing documentation to support your appeal

If you are a **My AAFC Account** user:

- sign in to access your My AAFC Account at [agriculture.canada.ca/my-aafc-account](https://agriculture.canada.ca/my-aafc-account)
- complete and submit the online Appeal Submission Form (including attachments)
- if you are not a My AAFC Account user go to [agriculture.canada.ca/my-aafc-account](https://agriculture.canada.ca/my-aafc-account) to sign up

Send a paper copy of your Appeal Submission Form (including attachments):

- **by mail:**  
AgriStability Appeals  
PO Box 3200  
Winnipeg MB R3C 5R7
- **by fax:**  
toll-free: 1-877-949-4885

For information on the appeals process see the "How do you submit an appeal?" fact sheet.

### Can my AgriStability information be audited?

We may audit your information at any time.

If the audit results in an increase to your benefit, we will issue you the additional amount.

If the audit results in a decrease to your benefit, 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 requests. We will deny your program payment and you will have to repay any benefits you received if you:

- do not provide the information we ask for
- do not provide access to your books and records
- provide false or misleading information

### **Section 13: Assignments, bankruptcy and estates**

#### **Can my AgriStability benefits be assigned?**

You can only assign your AgriStability benefits to the Advance Payments Program.

#### **What happens if I declare bankruptcy?**

If you declare bankruptcy, you may participate in the program through your trustee in bankruptcy if you meet the AgriStability eligibility requirements.

The trustee will manage your AgriStability account until the bankruptcy is discharged. We will process any payments 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.

Before we can issue any payments to the estate, we require:

- the current contact information and mailing address
- a certified copy of the probated will or letters of administration/probate
- a certified copy of the death certificate

For more information on estates, see the "Can an estate participate in AgriStability?" fact sheet.