

# Piecing Together the Farmland Tax Puzzle

## Information for New and Beginning Farmers

New and beginning farmers can take advantage of three government programs to benefit their farm operation today. Follow our guide below to discover how each program fits together and how that connects to your Ontario Federation of Agriculture (OFA) membership.



### STEP 1 FARM PROPERTY ASSESSMENT

The Municipal Property Assessment Corporation (MPAC) assesses all properties in Ontario including farms. Under the four-year assessment cycle, MPAC sent out a Notice of Assessment to property owners in the fall of 2016.



#### Things you need to know:

- ➞ Every farmland residence plus one acre of land will be classified in the residential tax class.
- ➞ Farmland, farm buildings and eligible bunkhouses are classified in the farm tax class if approved by Agricorp under the Farm Property Class Tax Rate Program.
- ➞ Check your MPAC assessment notice to verify your farmland is classed as “Farm”.

**For more information or if you haven't received your MPAC notice, contact MPAC at 1-866-296-6722 or visit [www.mpac.on.ca](http://www.mpac.on.ca).**

### STEP 2 FARM BUSINESS REGISTRATION

Farmers who earn a minimum annual gross farm income of \$7,000 or more (as defined by the Canada Revenue Agency) must register under the Farm Business Registration (FBR) Program\* in the following year. Most crop and livestock income is eligible.



#### Things you need to know:

- ➞ Annual registration is an eligibility requirement for some Ontario government programs, including the Farm Property Class Tax Rate Program.
- ➞ Check with your accountant or the Canada Revenue Agency for farm income eligibility.
- ➞ FBR applications can be submitted online ([www.agricorp.com/fbr](http://www.agricorp.com/fbr)). Only Agricorp (1-866-327-3678) can approve FBR applications.
- ➞ The FBR annual fee is set at \$255.00 (plus HST) for the 2022 registration year.
- ➞ Payment of this fee makes you eligible to join the Ontario Federation of Agriculture (OFA) or another accredited general farm organization.

**Visit Agricorp's website at [www.agricorp.com/fbr](http://www.agricorp.com/fbr) or call 1-866-327-3678 for more information or to register.**

*\*This is not the same as an HST registration.*

Once you have completed the Farm Business Registration process with Agricorp, the Farm Property Class Tax Rate Program at Agricorp must be contacted directly to ensure the farm tax rate is applied to your farm property or farm properties. These are two separate departments in Agricorp and your FBR information will not translate directly to the FPCTRP.

### STEP 3 FARM PROPERTY CLASS TAX RATE PROGRAM

Farmland that is being worked by a Farm Business Registrant is eligible for the Agricorp Farm Property Class Tax Rate Program. Those who do not yet qualify for the FBR Program can apply for a start-up exemption until they reach the FBR \$7,000 income threshold.



#### Things you need to know:

- ➔ Agricorp administers the Farm Property Class Tax Rate Program through a multi-year application process. Property owners need to ensure Agricorp has their property tax roll numbers linked to their Farm Business Registration number (or their farming tenant's Farm Business Registration number).

#### To be eligible for the farm tax rate:

- MPAC must assess the property as farmland;
  - the property must be used for a farm business;
  - the farm business on your property must have a valid FBR number; and
  - Canadian citizens or Permanent Residents must own more than 50% of the property.
- ➔ After your farm property is approved for the program, it remains eligible for the farm tax rate in future years, unless Agricorp requires an updated application as part of a random audit, because the FBR is no longer valid or because the property ownership or the property tax roll number has changed.
  - ➔ If the land is rented out to a registered farmer, the landlord must contact Agricorp to obtain a Landlord/Tenant application form, or visit [www.agricorp.com/farmtax](http://www.agricorp.com/farmtax)

The tenant must sign this form and provide his/her FBR number.

- ➔ **If you are a new farmer** and your operation has not yet generated \$7,000 in farm income, you may apply for a start-up exemption to maintain the Farm Property Class status.
- ➔ Once **new and beginning farmers** reach the minimum \$7,000 gross income required for the FBR Program, they must contact Agricorp to link their new FBR number to their farm property.

For more information, contact the **Agricorp Farm Property Class Tax Rate Program at 1-888-247-4999** and have your property roll number as shown on the tax bill at hand for specific questions or visit: [www.agricorp.com/farmtax](http://www.agricorp.com/farmtax).

### STEP 4 ONTARIO FEDERATION OF AGRICULTURE MEMBERSHIP

#### Membership process for FBR registrants:

- ➔ Choose OFA as your accredited farm organization on the Farm Business Registration form, and remit the annual fee of \$255 plus HST (payable to OFA) to Agricorp.
- ➔ After submitting your FBR payment, simply complete the online OFA membership agreement by visiting OFA's website, [www.ofa.on.ca](http://www.ofa.on.ca) and your OFA card will arrive shortly after.



#### Individual Farm Membership:

- ➔ If you do not qualify to join OFA through the FBR process, you can still become an OFA member. The Individual Farm Member (IFM) can vote and can share in a number of exclusive member services and benefits.

**Note:** the IFM does not make you eligible for the Farm Property Class Tax Rate program.

**Join OFA today! Call 1-800-668-3276 or visit [www.ofa.on.ca](http://www.ofa.on.ca) to find out more about OFA member benefits and how you can support the work of OFA.**