

AgrilInvest: Frequently Asked Questions



Why participate in AgrilInvest?

The accounts help producers protect their margin from small declines. Producers have the flexibility to use the funds for risk mitigation and other investments. The program is bankable, as producers will be able to easily predict the government contribution to their account each year.

Who can participate?

Individuals, partners in a partnership (except in Quebec), co-operatives, corporations, estates, trusts, limited partnerships (except in Quebec), and landlords in a joint venture are eligible to participate.

To be eligible, producers must have reported farming income (or loss) for tax purposes.

Status Indians farming on reserves in Canada who do not file a tax return are also eligible to participate in AgrilInvest.

How can producers apply?

Producers do not have to provide additional information in order to participate in AgrilInvest. For individual producers, the application is harmonized with the tax form in all provinces except Quebec. In Quebec and for corporations, the application is harmonized with the AgriStability application.

How does AgrilInvest work?

Each year, producers can deposit up to 1.5 percent of their Allowable Net Sales (ANS) into an AgrilInvest account and receive a matching government contribution. For example, a producer with \$100,000 in ANS could deposit up to \$1,500 and federal and provincial governments would make a matching contribution totaling \$1,500.

Producers have the flexibility to withdraw funds at any time.

When do producers make their deposit?

Producers have 90 days from the date the Deposit Notice is issued to make a deposit into their AgrilInvest account. The deposit deadline date is shown on the Deposit Notice.

Where are AgrilInvest accounts held?

Beginning with the 2009 program year, AgrilInvest deposits will be held by participating financial institutions. The 2009 AgrilInvest Deposit Notice will include information on how to open an AgrilInvest account at a participating financial institution. Once opened, Agriculture and Agri-Food Canada (AAFC) will transfer any existing AgrilInvest funds, currently held by the federal government to the new financial institution AgrilInvest account.

How are ANS calculated?

ANS are the net sales of commodities allowable under AgrilInvest. Allowable commodities include most primary agricultural commodities except those covered under supply management (dairy, poultry and eggs).

Allowable Net Sales = Sales of Allowable Commodities* – Purchases of Allowable Commodities

*Allowable commodities include Production Insurance Payments

Is there a cap on government contributions?

For AgrilInvest purposes, eligible participants are limited to ANS of \$1,500,000 per year. Based on this limit, the largest matching government contribution would be \$22,500.

Is there a limit on how much money can be held in the accounts?

The account balance, which includes matchable deposits, government contributions, and interest earned, is limited to 25% of a producer's average ANS for the program year and two preceding program years, excluding any years for which the ANS was not calculated under the program.

Where ANS was not calculated for one or more of those years, the Maximum Account Balance will be 25% of the average ANS for the year(s) available.

How are AgrilInvest funds treated for tax purposes?

The AgrilInvest account consists of two funds. Producer deposits, which are held in Fund 1, are not taxable upon withdrawal. Government contributions and interest earned on both funds, which are held in Fund 2, are taxed as investment income upon withdrawal.

How will government contributions under AgrilInvest funds be treated for AgriStability purposes?

Because government contributions (fund 2) are treated as investment income for tax purposes, they are not reported on the AgriStability form, and are not included as income in the program year or reference period.

AgrilInvest is delivered by the federal government in all provinces except Quebec. In Quebec, AgrilInvest is delivered provincially by La Financière agricole.