

The Dairy Direct Payment Program

In our [Fall Agriculture Matters Trade Compensation](#) article, we highlighted that the Federal Government would be providing \$1.75 billion of compensation for Dairy Farmers relating to the recent trade agreements. The details of one of those programs, the Dairy Direct Payment Program, are now available and can be found [here](#).

The Dairy Direct Payment Program payment should be factored into your year-end tax planning. You will receive \$315 per kilogram of quota you owned as of August 31, 2019. For example, if you had 80 units of quota you would receive \$25,200 as a payment. This amount will be added to your taxable income in the year that you receive it. This payment could push your taxable income into a higher tax bracket and as such, the timing of the payment should be considered with your overall tax situation.

You have the option of applying by December 13, 2019 for payment in 2019 or you can opt to defer the payment until 2020 by waiting until after the first deadline. If you want to receive payment in 2020, you need to register before March 1, 2020. There is no option for partial payment, you must take the full payment in either 2019 or 2020.

If you would like assistance in determining the payment's impact to your tax situation, please contact us to complete tax planning before your year end. Based on the information released, there is expected to be a second lesser payment of a similar nature to this one later in 2020. The specific details of this payment or any future payments have not yet been determined.

For more information on any of these programs or initiatives, we encourage you to talk to your Accountant.

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