

## **FARMING MATTERS**

### **Tax Planning**

Most farm sectors have experienced a profitable year as a result of higher commodity prices. Tax planning before year-end may save substantial dollars on your tax bill. We recommend if you are concerned about your income level and the tax liability it may generate that you contact us in December for a preliminary review of your tax situation.

Some ways to help lower your tax liability include:

- Prepaying commodities for 2012 such as feed, crop inputs and livestock.
- Consider income sharing with children and or spouses (please review with your accountant).
- Repairing equipment and/or farm buildings.
- Delaying receipt of commodity sales until the new year.
- Purchase of RRSPs prior to February 29, 2012.
- Delaying withdrawing AgriInvest funds until the new year.

### **AgriInvest**

Despite many reminders, some producers are still missing the deadline for making their AgriInvest deposits, and therefore miss out on their government matching deposit. Deposits into your AgriInvest account must be made at your financial institution by the due date (90 days from the date of the Notice) on your AgriInvest Deposit Notice. Our experience has been the government gives no leeway on this date.

We have also encountered several circumstances where Canada Revenue Agency (CRA) has not forwarded the T1163 filed with your tax return to AgriInvest for processing. We are seeing this most often where one partner's T1163 has been forwarded to AgriInvest, but not the other one. If you have not received your Deposit

Notice you can call AgriInvest at 1-866-367-8506 or call us and we will look into it.

### **Risk Management Program (RMP)**

The due dates for 2011 RMP for all covered commodities have now passed and producers are waiting to see if payments are generated. Our understanding is cattle and hog producers as well as growers of spring barley and canola (not corn and soybeans) will be receiving a payment in December. These payments should be factored into your tax planning.

The actual final quarter (October 1 to December 31, 2011) sales for cattle, sheep, hogs and veal must be reported to AgriCorp by January 21, 2012. Forms to report these sales will be mailed out with the December payment calculations. Final 2011 payments are expected in March 2012.

### **Looking Forward to 2012**

For 2012 there are many changes to RMP including:

1. Producers must be enrolled in AgriStability.
2. If producers are involved in Grains and Oilseeds you must be enrolled in Production Insurance (PI).
3. For all RMP a Premises Identification Number is necessary.
4. Reporting of sales is required on a more regular basis. All covered livestock must be reported quarterly except for cow calf and sheep that require semi-annual reporting.
5. There will be a fee for 2012. This fee will be initially based on your 2011 sales.
6. For 2012 you can choose your coverage level at either 100%, 90% or 80%. (In 2011 everyone had 100% coverage).

Invoices detailing quantities and weights must be obtained to support all sales and purchases, including transactions with neighbours.

Your fee will be adjusted if actual production varies from 2011, or from what you reported. There will be no adjustment for a variance of 5% or less. Variances up to 25% will be automatically adjusted. If your production in 2012 will increase or decrease more than 25% you must report the change in advance, or risk either no coverage or no refund.

You will automatically be enrolled in the 2012 RMP program for each program you enrolled in 2011, unless you opt out in the spring of 2012. There is no penalty or time period where you cannot rejoin the program if you opt out for 2012.

As soon as you pay a premium (mandatory for 2012) in any year and subsequently drop out the next, or a following year, you will be out of that program for that year and the next two. Each RMP program is treated as an individual program. For example, producers could opt out of the hog program but remain enrolled in the grains and oilseeds RMP.

## **Important Deadlines to Remember**

### **Grains and Oilseeds RMP**

December 15, 2011 - last date to report crop yields for RMP and Production Insurance (PI).

May 1, 2012 – last date to register for 2012 PI and RMP.

May 1, 2012 - last date to choose your coverage levels for both RMP and PI.

June 30, 2012 – last date to report acres and estimates.

August 2012 - 2012 RMP premium due.

### **Livestock RMP**

December 2011 - initial payments made.

January 21, 2012 - last date to report 4th quarter 2011 sales for hogs, cattle and sheep.

March 2012 - final 2011 payments made.

April 15, 2012 (tentative) - submit 2012 application and secure coverage level.

April 15, 2012 (tentative) - pay 2012 premium (can set up quarterly).

April 2012 - quarterly reporting starts for most livestock programs.

December 2012 - fall payment made.

### **AgriStability (AS)**

April 30, 2012 - AS 2012 premium due with no penalty.

June 15, 2012 - last date for individuals to file 2011 T1163 with CRA.

June 30, 2012 - last date for corporations to file 2011 Statement A with AgriCorp.

June 30, 2012 - last date to file your 2011 AS application.

December 31, 2012 - last date to pay 2012 AS fee with penalty.

### **2008-2009 Emergency Advances for Cattle and Hogs**

To date, no further stay has been announced for the cattle and hog emergency advances. Cattle producers have already either commenced making payments or made other arrangements. Their loan needs to be repaid in full by March 31, 2012.

As a reminder to hog producers, you will either have to find new financing by April 1, 2012, or commence making payments to have the loan repaid by March 31, 2013.