Farm Property Class

TAX RATE PROGRAM
Minimize Your Property Taxes

As a farmland owner in Ontario, you may be eligible to apply for a property tax reduction through the Farm Property Class Tax Rate Program.

Under the program:

• Your farm residence and one acre of surrounding land will be taxed at your municipality’s residential tax rate
• The remainder of the farm property will be taxed at 25% of the residential tax rate

Farm properties that do not qualify under the program will continue to be taxed at the residential rate.
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ARE YOU ELIGIBLE?
To be eligible to apply, you must be able to answer “yes” to the following questions:

Do you own farmland?
Your property is assessed as farmland by the Municipal Property Assessment Corporation (MPAC).

Is the property being used for a farming business?
Your property is actively being farmed by yourself or by a tenant farmer or both.

Does the farming business generate at least $7,000 a year?
The annual gross income generated by the farming business is at least $7,000, as reported to the Canada Revenue Agency (CRA).

More information on gross farm income requirement exemptions can be found on page 4.

Does the farming business have a valid Farm Business Registration number?
The farming business must have either a valid Farm Business Registration number issued under the Farm Registration and Farm Organizations Funding Act, 1993 (FBR number) or a religious exemption from the Agriculture, Food and Rural Affairs Appeal Tribunal (AFRAAT).

Please note that this requirement does not apply if you have an annual gross farm income exemption. More information on exemptions can be found on page 4.

How do I get a Farm Business Registration number?
You can apply for a FBR number through Agricorp. In order to qualify, your previous year’s gross farm income must be at least $7,000.

To remain valid, you must renew your FBR number annually and maintain a $7,000 annual farm gross income.

Agricorp contact information can be found on page 9.
Are the farmland owners Canadian citizens or permanent residents of Canada?
If the property is owned by an individual or a group of individuals, each person must be either a Canadian citizen or permanent resident of Canada.

If the property is owned by a corporation, more than 50 per cent of the voting shares must be legally owned by individuals who are either Canadian citizens or permanent residents of Canada. In other words, it is not sufficient if the voting shares are legally owned by another corporation and then that corporation’s voting shares are owned by individuals who are Canadian citizens or permanent residents in Canada.

HOW TO APPLY
Please fill out the sections on the application which apply to you, and return it to the Ministry of Agriculture, Food and Rural Affairs by the due date specified on the form.

Ministry contact information can be found on page 9.

SECTION A. Non-Eligible Property Owners
Please fill out Section A if you do not qualify for the program and do not wish to receive future mailings regarding the program. If you do not apply for the program, your property will continue to be taxed at the residential rate.

If you wish to apply for the program, leave Section A blank.

SECTION B: Owner Information
- Question 1: Answer if you own the property as an individual or co-own the property as a group of individuals.
- Question 2 and 3: Answer if the property is owned by a corporation.
SECTION C: Property Information
• Make sure each roll number, description and acreage listed is correct.
• For each roll number, indicate whether the piece of land is farmed by you or by a tenant or both.
• If the property is farmed by a tenant who gives you part of the crop as rent (sharecropping), check both the “self” and “tenant” boxes.
• Please provide a Farm Business Registration number, as issued under the *Farm Registration and Farm Organizations Funding Act, 1993*, for each individual or company farming the property.

Note: FBR numbers are issued by Agricorp. Agricorp contact information can be found on page 9.

SECTION D. Tenant Farmer Declaration
• If you have a tenant farmer or sharecropper, please ask them to fill out and sign Section D.
• If you have more than one tenant or sharecropper, please photocopy Section D for each and have them complete and sign it.

SECTION E. Gross Farm Income Exemption
• Check the applicable box for whether your farm business’ gross income, or that of your tenant’s, was less than $7,000 in the previous year.
• If the income was less than $7,000, please specify why and contact the Ministry of Agriculture, Food and Rural Affairs to receive additional forms required to support your claim.
• Prepare an accompanying letter explaining why you are asking for an exemption and describing your farm business plans.
• Attach the additional ministry forms and supportive letter to your application and provide it to the ministry by the due date.

For details on the annual gross farm income exemption, see page 6.

The ministry will review the information you submit. If necessary, you may be asked you to submit a new application or additional documentation.
SECTION F. Farm Business Registration Exemption for Religious Conviction or Belief

- Check the appropriate box indicating whether you, your tenant, or your corporation have been granted an exemption by the Agriculture, Food and Rural Affairs Appeal Tribunal (AFRAAT) from obtaining a Farm Business Registration number or from paying the registration fee based on religious convictions or beliefs.
- If the exemption is for your tenant, please ask them to fill out and sign the declaration in section D.

SECTION G. Property Owner Eligibility Declaration & Acknowledgements

- Carefully read the eligibility declaration and acknowledgements.
- Sign and date the form.
- If you are signing on behalf of an individual or a company, indicate your title or position.

KEEP US INFORMED

You are responsible for letting the ministry know about any changes that affect your eligibility. These include:

- Changes to your contact information
- Changes in your rental arrangements (i.e. a new tenant farmer)
- Changes in the structure of the farming business (i.e. a new partnership or incorporation)
- Changes that affect your FBR number (i.e. a decrease in gross farm income to less than $7,000 per year) or an exemption status
  
  Note: Without a valid FBR number or an appropriate exemption, your property is not eligible under the program
- Any other circumstances that affect your participation in the program

You are responsible for making sure that any farm business on your property has a valid FBR number or an appropriate exemption.

FBR numbers must be renewed by Agricorp annually.

Failing to let the ministry know about these changes, may result in program ineligibility.
I have already been approved. Why are you sending me another application form?

Each year the ministry asks a number of randomly selected property owners to fill out a new application form. Doing this helps verify information and maintain the integrity and accuracy of the ministry’s database.

Application forms are also sent to those who have reported a change to their farming operation, or if the Municipal Property Assessment Corporation informs the ministry of a change in property ownership.

If you bought or sold farmland see “Property Transfers” on page 8.

**ANNUAL GROSS FARM INCOME EXEMPTIONS**

If you or your tenant cannot obtain a FBR number because the farm business annual gross income was less than $7,000 in the previous year, you may still be eligible for the program if one of the following exemptions applies:

**AGE/ILLNESS/DEATH EXEMPTION**

If you cut back on the size or scale of your farming business because of age, illness or the death of a spouse or common-law partner, you may be eligible to apply for an exemption. Please contact the ministry to receive the appropriate forms needed to support your claim.

To be eligible for an exemption, you must meet all three of the following criteria:

1. You must carry on the farm business yourself
2. You or your spouse must have operated the farm business for at least 10 years and met the criteria under the program during that time
3. The farm business must have reported an annual gross farm income greater than zero to Canada Revenue Agency (CRA) in the previous year.
NOT A NORMAL PRODUCTION YEAR EXEMPTION
You may apply for an exemption if your usual annual gross farm income is more than $7,000, however the previous year was not a normal production year.

You will need to demonstrate why the gross income for the farm business was less than $7,000 and how the farm business will have an annual gross farm income of at least $7,000 within the next year or two. Please contact the ministry to receive the appropriate forms needed to support your claim.

START-UP EXEMPTION
If you or your tenant are starting a farm operation and have not yet met the requirement of an annual gross farm income of $7,000, you may apply for an exemption.

You must clearly demonstrate that the property is being farmed and how the farm business will have an annual gross income of at least $7,000 in future years. The length of the start-up period must be realistic for the commodity produced. Please contact the ministry to receive the appropriate forms needed to support your claim.

For required documentation and details on how to apply for these exemptions, please contact the ministry at 1-877-424-1300 or by email at farmtax.omafra@ontario.ca.

CONFIRM YOUR ASSESSMENT
In the fall of 2012, the Municipal Property Assessment Corporation (MPAC) mailed property assessment notices to all property owners in Ontario. MPAC administers a uniform, province-wide property assessment system based on current value assessment in accordance with the provisions of the Assessment Act. During a non-assessment update year, MPAC will only issue property assessment notices to properties that have experienced a change.

When you receive your MPAC assessment notice, check the following:

- In the “Assessed value of your property” section, your property classification should appear as “farm.” If you have a house on the property, you will see a “residential” classification as well. If your property is not listed as “farm”, contact the ministry to file a Request for Reconsideration (RfR). If there is an error with the assessment value, or if property information is incorrect, you may file a RfR with MPAC.
• In the “Property summary” section at the bottom of the MPAC notice, the property type listed should say “farm property”. If there is an error, contact MPAC.

To access a detailed report of your property, or to file a RfR online with MPAC, visit www.aboutmyproperty.ca. The deadline to file a RfR is March 31 of the current tax year.

PROPERTY TRANSFERS

If you bought farmland, the Farm Property Class application will be sent to you and must be returned within the required deadline. The standard application is for the upcoming tax year.

Please contact the ministry before Dec 31st of the tax year to apply for the Farm Property Class tax rate if you purchased farmland that is currently in the Residential Property Class but meets the eligibility requirements for the program.

To ensure that your property continues to be valued as farmland and classified in the Farm Property Class:
• The lands must be actively farmed by the property owner or a tenant farmer – only actively farmed lands qualify for the farmland valuation
• The property owner or tenant farmer must maintain a valid FBR number

IMPORTANT: MPAC will classify properties that do not meet the above criteria as residential for the following tax year. You will receive a Property Assessment Change Notice in the fall showing the change from the Farm Property Class to the Residential Class. The property will be liable for taxes at the residential tax rate.
FOR MORE INFORMATION

About Farm Business Registration
Agricorp
Toll Free: 1-866-327-3678
Fax: 519-826-4118
Email: fbr@agricorp.com
Website: www.agricorp.com

About Property Assessment
MPAC (Municipal Property Assessment Corporation)
Toll Free: 1-866-296-6722
Website: www.mpac.ca

About the Farm Property Class Tax Rate Program
Ministry of Agriculture, Food and Rural Affairs
Farm Property Class Tax Rate Program
1 Stone Road W, 4th Floor
Guelph, Ontario N1G 4Y2
Tel: 519-826-4047
Fax: 519-826-3170
Email: farmtax.omafra@ontario.ca
Website: www.ontario.ca/farmtax