

AGI Enclosure 1

Instructions, Terms, and Conditions for CPA or Attorney Certification Statement

Certification statements will only be accepted from licensed certified public accountants (CPA's) and attorneys. Statements from enrolled agents will **not** be accepted. If a statement is submitted by a CPA or an attorney to certify compliance with an average AGI limitation for which a person or legal entity received notification of possible noncompliance, the statement **must** include the following elements:

- 1) CPA's or attorney's State license identification number.
- 2) Explanation of the reason for the certification statement (see enclosed example).
- 3) Acknowledgement of having read and understood, and agreement to, the terms and conditions of this enclosure (AGI Enclosure 1), including the following:
 - The CPA/attorney acknowledges and agrees to having reviewed and being familiar with the average AGI limitations, definitions, and compliance requirements in 7 CFR Part 1400, with the programs involved, having made such inquiries as are necessary
 - to apprise the CPA/attorney of such matters and understands that the tax years used to calculate the average AGI are the 3 taxable years preceding the most immediately preceding complete taxable year for which program benefits are requested.
 - The representations the CPA/attorney makes in the certification statement may be relied on by the government to allow benefits to be retained or received and that a false certification can result in sanctions including criminal sanctions for those persons associated with the false representations.
 - Additional information may be requested by USDA, a review may be conducted by USDA, and further inquiry may be made to IRS to ensure that all information filed with USDA by all parties is true, correct, and complete.
- 4) Relevant information on the most recently filed tax returns for the period in question.
- 5) If applicable, detailed explanations of how the applicable average AGI limitation(s) was not exceeded even though the information on the tax returns indicate otherwise.

[insert name]
[insert street and/or mailing
address]
[insert city, State, ZIP Code]

[insert date]

[insert State Office name]
[insert State Office address]
[insert city, State, ZIP Code]

I, **[insert name]**, am [insert “a certified public accountant (CPA)” or “an attorney” as appropriate] practicing in [insert city, State]. My license identification number is [insert license number] in [State].

I have been asked by [insert name of producer] to certify that [insert name of producer] is in compliance with the average adjusted gross income (AGI) limitations for the following [insert the applicable program year(s) and limitations], pursuant to section 1605 of the Agricultural Act of 2014, 7 U.S.C. 1308-(c)(2).

I understand that an inquiry by USDA with the Internal Revenue Service (IRS) has indicated that income tax returns filed with the IRS by [insert name of producer] reported income that may exceed the applicable AGI limits. For purposes of this letter and my representations below, my “certification” is limited only to my knowledge of [insert name of producer] federal income tax returns based upon either my preparation of such returns or my readings of those returns that I did not prepare. The preparation or review of these returns was based upon the information provided by [insert name of producer]. [insert name of producer] has represented to me that the information supplied to me is, to the best of [his/her] knowledge, true, correct, and complete. In accordance with Treasury Department Circular No. 230, section 10.34 (d), I relied in good faith without verification upon the information provided by [insert name of producer]; however, I did not ignore the implications of information furnished to, or actually known by me, and I made reasonable inquiries if the information as furnished appeared to be incorrect, inconsistent with an important fact or another factual assumption, or was incomplete. This “certification” does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns or imply that I have performed procedures beyond those required under Circular No. 230. In addition, this “certification” does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns that I did not prepare.

I acknowledge that I have read, understand, and agree to, the terms and conditions of the enclosure (AGI enclosure 1) received by [insert name of producer] with the following conditions.

- I am relying on the information made known to me as noted above. I take no responsibility for information outside of the tax return preparation process, unless I relied upon outside information as noted in the end of this prepared statement or attachment for the purposes of explanation that [insert name of producer] complies with the applicable average AGI limitations.
- I have not been engaged to continually monitor the tax law for this client or to continually monitor factors related to the client’s AGI or other tax calculations for the relevant years. Therefore, I am not in a position to notify the government of changes to facts or circumstances (whether or not material) that would make this certification no longer accurate.

- Under Internal Revenue Code Section 7216 and other confidentiality standards, I may only provide client information upon specific written authorization from the client to release such information, including tax return information, to a third party.

The following are correct statements:

- Based on a representation provided by *[insert name of producer]*, or the confirmations of *[his/her]* e-filed federal income tax returns *[insert the applicable tax return form number]*, the *[2010, 2011, and 2012 (if for 2014)]* federal income tax returns were timely filed.
- I am not aware of subsequently filed federal income tax returns, whether superseding or amended, other than those identified above related to the tax years identified above.
- I am not aware of any adjustments made by the Internal Revenue Service or any state taxing authority to the federal income tax returns identified above.
- I understand that, consistent with the definition in 7 CFR Part 1400, the average adjusted gross income means the adjusted gross income as defined under 26 U.S.C. 62, or comparable measure, of the person or legal entity over the 3 taxable years preceding the most immediately preceding complete taxable year.
- According to the most recent returns filed for the years identified above, *[insert name of producer]*:

NOTE: Use tax years 2010, 2011, and 2012 (if for 2014); or tax years 2011, 2012 and 2013 (if for 2015).

- reported average AGI was \$ _____ based on the following amounts from line 37:
- (List the amount entered on line 37 of the person’s IRS Form 1040 for each tax year.)

Total Adjusted Gross Income reported on Line 37 in 20__ . _____
 Total Adjusted Gross Income reported on Line 37 in 20__ . _____
 Total Adjusted Gross Income reported on Line 37 in 20__ . _____

[Include the following, if applicable.]

- Although the calculated average AGI indicated in this letter exceeds the applicable AGI limitation, I believe that *[insert name of producer]* complies with the average AGI limitation requirements for the reasons that are set forth in detail in the space below or the attached document. *[insert name of producer]* has represented to me that the attached information is, to the best of *[his/her]* knowledge, true, correct, and complete. I am not aware of any discrepancies and do not have any reason to believe otherwise.

I declare that the statements made herein, to the best of my knowledge and belief, are true, correct, and complete.

Signed

[insert name of CPA or attorney, as applicable], [insert title, “CPA” or “Attorney”, as applicable]

Dated: *[insert date]*

[insert name]
[insert street and/or mailing address]
[insert city, State, ZIP Code]

Example Letter for Joint Filers

[insert date]

[insert State Office name]
[insert State Office address]
[insert city, State, ZIP Code]

I, **[insert name]**, am [insert “a certified public accountant (CPA)” or “an attorney” as appropriate] practicing in [insert city, State]. My license identification number is [insert license number] in [State].

I have been asked by [insert name of producer] to certify that [insert name of producer] is in compliance with the average adjusted gross income (AGI) limitations for the following [insert the applicable program year(s) and limitations], pursuant to section 1605 of the Agricultural Act of 2014, 7 U.S.C. 1308-(c)(2).

I understand that an inquiry by USDA with the Internal Revenue Service (IRS) has indicated that income tax returns filed with the IRS by [insert name of producer] reported income that may exceed the applicable AGI limits. For purposes of this letter and my representations below, my “certification” is limited only to my knowledge of [insert name of producer] federal income tax returns based upon either my preparation of such returns or my readings of those returns that I did not prepare. The preparation or review of these returns was based upon the information provided by [insert name of producer]. [insert name of producer] has represented to me that the information supplied to me is, to the best of [his/her] knowledge, true, correct, and complete. In accordance with Treasury Department Circular No. 230, section 10.34 (d), I relied in good faith without verification upon the information provided by [insert name of producer]; however, I did not ignore the implications of information furnished to, or actually known by me, and I made reasonable inquiries if the information as furnished appeared to be incorrect, inconsistent with an important fact or another factual assumption, or was incomplete. This “certification” does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns or imply that I have performed procedures beyond those required under Circular No. 230. In addition, this “certification” does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns that I did not prepare.

I acknowledge that I have read, understand, and agree to, the terms and conditions of the enclosure (AGI enclosure 1) received by [insert name of producer] with the following conditions.

- I am relying on the information made known to me as noted above. I take no responsibility for information outside of the tax return preparation process, unless I relied upon outside information as noted in the end of this prepared statement or attachment for the purposes of explanation that [insert name of producer] complies with the applicable average AGI limitations.
- I have not been engaged to continually monitor the tax law for this client or to continually monitor factors related to the client’s AGI or other tax calculations for the relevant years. Therefore, I am not in a position to notify the government of changes to facts or circumstances (whether or not material) that would make this certification no longer accurate.
- Under Internal Revenue Code Section 7216 and other confidentiality standards, I may only provide client information upon specific written authorization from the client to release such information, including tax return information, to a third party.

The following are correct statements:

- Based on a representation provided by *Mr. and Mrs. Farmer*[insert name of producer], or the confirmations of [ther] e-filed federal income tax returns [insert the applicable tax return form number], the [2010, 2011, and 2012 (if for 2014)] federal income tax returns were timely filed.

- I am not aware of subsequently filed federal income tax returns, whether superseding or amended, other than those identified above related to the tax years identified above.
- I am not aware of any adjustments made by the Internal Revenue Service or any state taxing authority to the federal income tax returns identified above.
- I understand that, consistent with the definition in 7 CFR Part 1400, the average adjusted gross income means the adjusted gross income as defined under 26 U.S.C. 62, or comparable measure, of the person or legal entity over the 3 taxable years preceding the most immediately preceding complete taxable year.
- According to the most recent **joint** returns filed for the years identified above, [*insert name of producer*] Mr. and Mrs. Farmer's:

NOTE: Use tax years 2010, 2011, and 2012 (if for 2014); or tax years 2011, 2012 and 2013 (if for 2015).

- reported average AGI was \$_____ based on the following amounts from line 37:
(List the amount entered on line 37 of the person's IRS Form 1040 for each tax year.)

Total Adjusted Gross Income reported on Line 37 in 20__ . _____

Total Adjusted Gross Income reported on Line 37 in 20__ . _____

Total Adjusted Gross Income reported on Line 37 in 20__ . _____

- Although the calculated average AGI indicated in this letter exceeds the applicable AGI limitation, I believe that Jane Farmer [*insert name of producer*] complies with the average AGI limitation requirements for the reasons that are set forth in detail in the space below or the attached document. Jane Farmer [*insert name of producer*] has represented to me that the attached information is, to the best of [*his/her*] knowledge, true, correct and complete. I am not aware of any discrepancies and do not have any reason to believe otherwise.

[Include the following if applicable.]

- According to the most recent returns filed for the three years identified above, Jane Farmer's [*insert name of producer*]:
 - Reported average AGI would have been \$_____ based on the following amounts had he/she and spouse filed separate tax return for each of the applicable years:
(List the dollar of individual's share of the total AGI from line 37 of tax returns.)

Total Adjusted Gross Income reported on Line 37 in 20__ . _____

Total Adjusted Gross Income reported on Line 37 in 20__ . _____

Total Adjusted Gross Income reported on Line 37 in 20__ . _____

I declare that the statement made herein, to the best of my knowledge and belief, are true, correct, and complete.

Signed

[*insert name of CPA or attorney, as applicable*], [*insert title, "CPA" or "Attorney", as applicable*]

Dated: [*insert date*]