

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Payment Limitations 1-PL (Revision 1)	Amendment 51
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Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 630 A has been amended to include using CCC-526C in certifying compliance or non compliance with the \$2.5 million average AGI limitation by successors to certain CRP contracts and multi-year conservation program agreements.

Paragraph 631 has been amended to:

- include the applicable 3-year period for the determination of the average AGI for successors to approved CRP-1's
- add instruction on correctly using CCC-526C for average AGI certification
- add an example of a completed CCC-526C.

Page Control Chart		
TC	Text	Exhibit
	6.5-7, 6.5-8 6.5-11, 6.5-12 6.5-12.5 through 6.5-12.8 (add)	1, pages 1, 2

630 Certification of Average AGI**A Certification of Compliance**

For compliance with the AGI requirement for the applicable crop year, program, or FY, an individual or entity shall provide **1** of the following:

- statement from a certified public accountant or an attorney that the average AGI does not exceed the limitation
- ~~*--CCC-526 or CCC-526C applicable to the year that program benefits are requested--*~~
- the appropriate document or form when the AGI certification is part of the application for a specific program benefit. (See Exhibit 6 for examples).

B Required AGI Certifications for Payment Eligibility

AGI compliance certifications are required for payment eligibility for **all**:

- individuals
- entities
- interest holders in an entity, including embedded entities to the fifth level of ownership interest, and regardless of the level of interest held
- members of a general partnership or joint venture
- Indians and Native Americans represented by the BIA.

Note: Substantial beneficial interest rules do not apply.

C Deadline for AGI Certifications

AGI certification must be submitted:

- according to the deadlines established by the applicable programs
- before approving and issuing any program benefit subject to these provisions.

D Using FSA-211

FSA-211 may be used to complete AGI certifications. See 1-CM.

E Multi-County Producers

An individual or entity with multi-county farming interests will submit the required AGI certification(s) only once in the control county.

The control county shall make any AGI compliance determinations, if necessary, and share the information with other counties according to paragraphs 415 and 416.

630 Certification of Average AGI (Continued)

-F Example of CCC-526 for 2003 Through 2007--

This form is available electronically.

CCC-526 (10-15-03)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1A. County FSA Office or Service Center Address (Include Zip Code)
PAYMENT ELIGIBILITY AVERAGE ADJUSTED GROSS INCOME CERTIFICATION		1B. Telephone Number (Include Area Code):
The authority to collect the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.		
NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a), as amended. The Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171), and the regulations at 7 CFR Part 1400, as amended, authorize the collection of the information required by this certification. The information will be used to establish payment eligibility in accordance with the requirements of the law for applicants who are requesting program benefits subject to these provisions. Providing this information is voluntary; however, failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information may be used by and provided to other agencies, IRS, Department of Justice, other State or Federal law enforcement agencies, and in response to orders of a court magistrate, or administrative tribunal. All information provided herein is subject to verification by the Commodity Credit Corporation. As provided in various statutes, failure to provide true and correct information may result in civil suit or criminal prosecution and the assessment of penalties or pursuit of other remedies. PLEASE RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OR SERVICE CENTER OFFICE.		
2A. Individual or Entity's Name and Address (Include Zip Code)	3. Program Year	
2B. Telephone Number (Include Area Code):	4. Identification Number (SSN or Tax ID No.)	
CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME: Each individual or entity that requests program benefits must complete a certification of average adjusted gross income.		
By signing this form, I acknowledge that:		
<ul style="list-style-type: none"> • all definitions, requirements, and examples on Page 3 of this form were reviewed; • this certification of average adjusted gross income is true and correct, and will be considered a continuous certification through 2007, unless changes or revisions are submitted; • it is my responsibility to timely notify FSA in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect this certification; • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate this certification. 		
5. Type of Operation (Check One)		
<input type="checkbox"/> Individual (Complete Item 6) <input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 9)		
<input type="checkbox"/> Trust or Estate (Complete Item 7) <input type="checkbox"/> Tax-Exempt or Non-Profit Organization (Complete Item 10)		
<input type="checkbox"/> Corporation (Complete Item 8)		
6. Individual For individuals that file the IRS Form 1040, specific lines on the form represent the adjusted gross income and the income from farming, ranching or forestry operations. The income from farming, ranching or forestry is derived from the schedule F, IRS form 4835 or comparable form.		
A. The average of the adjusted gross income, as specified on the IRS Form 1040 (or similar item on IRS Forms for individuals) for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/>		
If "NO", proceed to Item 6B.		
B. The average of the amount reported to be from farming, ranching, or forestry operations on the IRS Form 1040 (or similar on Form 1040A or 1040EZ) for the applicable years, was at least 75 percent of the amount represented as adjusted gross income on the Form 1040 (or comparable amount on Form 1040A or 1040EZ). YES <input type="checkbox"/> NO <input type="checkbox"/>		
C. Signature		Date (MM-DD-YYYY)
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</small>		

631 Rules for Special Cases**A Acceptable Documentation**

For an individual or entity, including a foreign individual or entity, that does not have tax records or is not required to file tax returns, acceptable forms of documentation of AGI may include, but are not limited to the following:

- financial statements
- annual public financial disclosures
- annual budgets and statement of operations
- other documentation as deemed acceptable by the reviewing authority.

B Churches, Clubs, Fraternal Organizations, Societies, and Similar Associations

Individuals who attend a church or belong to a club, fraternal organization, association, or similar type of entity that is requesting payments or benefits:

- do not hold an ownership interest in the entity
- are not required to submit an AGI certification for the entity to meet AGI provision.

C Multi-year Contracts and Agreements

For program contracts and agreements that extend more than 1 crop, program, or FY, the average AGI determination will:

- be based on the 3 tax years preceding the year for which the contract or agreement is approved

***--Note:** For a successor to an approved CRP-1, the 3-year period is based on the approval date of succession; not on the original approval date of CRP-1.--*

- apply for the entire term of the contract or agreement.

631 Rules for Special Cases (Continued)

D Succession-in-Interest

The average AGI limitation does not apply to multi-year contracts, such as a CRP contract, that were effective before October 1, 2002. The average AGI provision was not part of the original contract or agreement when executed.

If succession occurs to a multi-year contract or agreement that was effective:

- **before** FY 2003, the successor(s) **will not** be subject to AGI provisions on this contract or agreement
- for FY 2003 or subsequent years, the successor(s) **will** be subject to AGI provisions on ***--this contract or agreement based on the rules applicable at the time the contract was approved.--***

E CCC-526C

CCC-526C is used only if all of the following apply:

- individual or entity, not including a joint operation and general partnership
- successor to a CRP contract and other multi-year conservation program agreement approved before October 1, 2008, and subject to the \$2.5 million average AGI limitation
- first-time certification of compliance or noncompliance with the \$2.5 million average AGI limitation.

The 3-year qualification period for the determination of the average AGI will be the average of the 3 years immediately preceding the year the individual or entity becomes a successor to the CRP contract or multi-year conservation program agreement.

***--Example:** In May 2010, John Clark became successor to a CRP contract approved in June 2006. The 3-year period for the determination of the average \$2.5 million AGI will be the years 2009, 2008, and 2007.

Notes: The original approval date of the multi-year contract or agreement determines which average AGI limitation is applicable.

The date of succession to the multi-year contract or agreement determines the 3-year qualification period for the determination of the average AGI for the successor.--*

631 Rules for Special Cases (Continued)

*-F Example of CCC-526C

The following is an example of a completed CCC-526C.

<p>This form is available electronically.</p>		
<p>CCC-526C (12-17-08)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p>Payment Eligibility – Average Adjusted Gross Income Certification For Certain Conservation Reserve Program Contracts Approved Before October 1, 2008</p>	<p>1. County FSA Office or Service Center Address (include Zip Code) Cascade County FSA Office 235 Rock Road Dry Creek, South Dakota 56969</p>	<p>2. CRP Contract Number(s) 129A</p>
<p>The authority to collect the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.</p>		
<p>NOTE: <i>The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a), as amended. The Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171), and the regulations at 7 CFR Part 1400, as amended, authorize the collection of the information required by this certification. The information will be used to establish payment eligibility in accordance with the requirements of the law for applicants who are requesting program benefits subject to these provisions. Providing this information is voluntary, however, failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information may be used by and provided to other agencies, IRS, Department of Justice, other State or Federal law enforcement agencies, and in response to orders of a court magistrate, or administrative tribunal. All information provided herein is subject to verification by the Commodity Credit Corporation. As provided in various statutes, failure to provide true and correct information may result in civil suit or criminal prosecution and the assessment of penalties or pursuit of other remedies. PLEASE RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OR SERVICE CENTER OFFICE.</i></p>		
<p>3. Individual or Entity's Name and Address (Include Zip Code) John Clark Mary Clark 282 East Road Pleasantville, ST 99809</p>	<p>4. Program Year 2010</p>	<p>5. Identification Number (SSN or Tax ID No., last 4 digits) XXXX</p>
<p>CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME: Each individual or entity that requests program benefits directly or indirectly must complete a certification of average adjusted gross income.</p>		
<p>By signing this form, I acknowledge that:</p> <ul style="list-style-type: none"> • all requirements and definitions on Page 3 of this form were reviewed; • the average adjusted gross income is the average of the three years immediately preceding the year specified in Item 4 above; • this certification of average adjusted gross income is true and correct unless changes or revisions are submitted; • it is my responsibility to timely notify Farm Service Agency (FSA) in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect this certification; • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate this certification; • that the CRP contract(s) in Item 2 above was approved between May 13, 2002 and September 30, 2008, inclusive; • that the provisions of the regulations at 7 CFR Part 1400 governing Average Adjusted Gross Income in effect on September 30, 2008 apply. 		
<p>6. Type of Operation (Check One)</p> <p><input checked="" type="checkbox"/> Individual (Complete Item 7) <input type="checkbox"/> Trust or Estate (Complete Item 8)</p> <p><input type="checkbox"/> Corporation (Complete Item 9) <input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 10)</p> <p><input type="checkbox"/> Tax-Exempt Organization (Complete Item 11)</p>		
<p>7. Individual For individuals that file the IRS Form 1040, specific lines on the form represent the adjusted gross income and the income from farming, ranching or forestry operations. The income from farming, ranching or forestry is derived from the Schedule F, IRS Form 4835 or comparable form.</p> <p>A. The average of the adjusted gross income, as specified on the IRS Form 1040 (or similar item on IRS Forms for individuals) for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>If "NO", proceed to Item 6B.</p> <p>B. The average of the amount reported to be from farming, ranching, or forestry operations on the IRS Form 1040 (or similar on Form 1040A or 1040EZ) for the applicable years, was at least 75 percent of the amount represented as adjusted gross income on the Form 1040 (or comparable amount on Form 1040A or 1040EZ). YES <input type="checkbox"/> NO <input type="checkbox"/></p>		
<p>C. Signature (By)</p>	<p>D. Title/Relationship of the Individual Signing in Representative Capacity</p>	<p>E. Date (MM-DD-YYYY) 5/15/2010</p>
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p>		

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631 Rules for Special Cases (Continued)

*--F Example of CCC-526C

CCC-526C (12-17-08)		Page 2 of 3
CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME (Continuation)		
<p>8. Trust or Estate For a trust or estate, the adjusted gross income is the total income and charitable contributions reported to IRS on the IRS Form 1041, or comparable forms. The income for farming, ranching and forestry is derived from the Schedule F, IRS Form 4835 or comparable form.</p>		
<p>A. The average of the adjusted gross income as defined above, and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="margin-left: 20px;">If "NO", proceed to Item 8B.</p>		
<p>B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 8A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>		
C. Signature (By)	D. Title/Relationship of the Individual Signing in Representative Capacity	E. Date (MM-DD-YYYY)
<p>9. Corporation For a corporation, the adjusted gross income is the total of the final taxable income and any charitable contributions reported to the IRS on Form 1120, or comparable forms. The income from farming, ranching and forestry is derived from the Schedule F, IRS Form 4835 or comparable form.</p>		
<p>A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="margin-left: 20px;">If "NO", proceed to Item 9B.</p>		
<p>B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 9A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>		
C. Signature (By)	D. Title/Relationship of the Individual Signing in Representative Capacity	E. Date (MM-DD-YYYY)
<p>10. Limited Partnership (LP), Limited Liability Company (LLC), Limited Liability Partnership (LLP) or Similar Entity For an LP, LLC or LLP, the adjusted gross income is the total income from trade or business activities plus guaranteed payments to the members as reported to the IRS. The income from farming, ranching and forestry is derived from the Schedule F, IRS Form 4835 or comparable form.</p>		
<p>A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="margin-left: 20px;">If "NO", proceed to Item 10B.</p>		
<p>B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 10A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>		
C. Signature (By)	D. Title/Relationship of the Individual Signing in Representative Capacity	E. Date (MM-DD-YYYY)
<p>11. Tax-exempt Organization For a tax-exempt organization, the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS. The income from farming, ranching and forestry would be derived from the Schedule F, or IRS Form 4835 or comparable form.</p>		
<p>A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="margin-left: 20px;">If "NO", proceed to Item 11B.</p>		
<p>B. The average of the amount represented to be from farming, ranching or forestry interests as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 11A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>		
C. Signature (By)	D. Title/Relationship of the Individual Signing in Representative Capacity	E. Date (MM-DD-YYYY)

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631 Rules for Special Cases (Continued)

*--F Example of CCC-526C

CCC-526C (12-17-08)	Page 3 of 3
AVERAGE ADJUSTED GROSS INCOME	
<p>The Farm Security and Rural Investment Act of 2002 included average adjusted gross income as a payment eligibility requirement. Any individual or entity requesting certain program payments will be subject to this provision. Any individual or entity that is determined to have an average adjusted gross income, as defined, that is less than 75 percent from farming, ranching or forestry operations and that exceeds \$2.5 million will be ineligible for any covered benefit during the applicable year.</p>	
DEFINITIONS AND OTHER INFORMATION	
<p>Average Adjusted Gross Income means the average of the adjusted gross income or comparable measure of the individual or entity over the preceding 3 tax years. For instance, if 2003 program benefits are requested, the tax years for average adjusted gross income determination would be 2002, 2001 and 2000.</p>	
<p>Entity means a corporation, joint stock company, association, limited partnership, charitable organization, or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust, or as a participant in a similar entity, as determined by the Secretary.</p>	
<p>The manner in which the Adjusted Gross Income can be determined for an entity can be found in the regulations at 7 CFR Part 1400.</p>	
<p>Commensurate Reduction means that any covered benefit issued to an entity, general partnership, or joint venture shall be reduced by an amount that is commensurate with the direct or indirect ownership interest the entity, general partnership, or joint venture of each individual who does not comply with the adjusted gross revenue requirement.</p>	
<p>Certification of Compliance means that an individual or entity shall provide either a certification by a certified public accountant that the average adjusted gross income does not exceed the requirement; or provide information and documentation regarding the adjusted gross income through other procedures established by the Secretary.</p>	
<p>Income from farming, ranching or forestry means income derived from producing crops, livestock, or unfinished raw forestry products.</p>	
<p>Special Rules for Certain Individual and Entities are applicable to those entities that are not required to file a tax return, and individuals and entities that did not have taxable income in one or more tax years used to determine the 3-year average. Please consult with personnel at your local FSA office or service center for more information.</p>	

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Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

Following is the report required in this handbook.

Report Control Number	Title	Reporting Period	Submission Date	Negative Report	Reference
PA-122R (CCC-502EYR)	End-of-Year Payment Limitation Review	As required	As required	Required	706, 707
RPT-I-00-CM-08-1)	Payments to Individuals Identified as Deceased Report	As required	As required	No	800, Ex. 15

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-501A	Member's Information	201	Text
CCC-501B	Designation of "Permitted Entities"	218	Text
CCC-502 Continuation	Continuation Sheet for Leased or Owned Land (Use With CCC-502A, CCC-502B, CCC-502C, CCC-502D, CCC-502EZ)	55	Text
CCC-502A	Farm Operating Plan for Payment Eligibility Review for an Individual	277	Text
CCC-502B	Farm Operating Plan for Payment Eligibility Review for a Joint Venture or General Partnership	297	Text
CCC-502C	Farm Operating Plan for Payment Eligibility Review for Corporations, Limited Partnerships or Other Similar Entities	316	Text
CCC-502D	Farm Operating Plan for Payment Eligibility Review for an Estate or Trust	335	Text
CCC-502EYR	End-of-Year Report of Payment Limitation Review (Report No. PA-122R)	706	531, 707
CCC-502EZ	Farm Operating Plan for Payment Eligibility Review for an Individual	278	Text
CCC-502U	Update for CCC-502, Farm Operating Plan for Payment Eligibility Review	55	50, 436
CCC-503A	County Committee Worksheet for "Actively Engaged in Farming" and "Person" Determinations	394	237

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-504 (Optional) <u>1/</u>	Worksheet to Blend Shares and Determine Percent of Cropland Factor	134, 158	
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification	630	35, 50, 52, 256, 650, 662
CCC-526C	Payment Eligibility - Average Adjusted Gross Income Certification For Certain Conservation Reserve Program Contracts Approved Before October 1, 2008	631	630
CCC-1099-G	Report of Payments to Producers		801
CCC-1155	Application for Payment (National Wool Act)		215
CRP-1	Conservation Reserve Program Contract		17, 631
FSA-211	Power of Attorney		215
FSA-229	Application for Trade Adjustment Assistance (TAA) for Individual Producers	Ex. 6	630
I-151 <u>1/</u>	Alien Registration Receipt Card		236
I-551	Permanent Resident Card/Resident Alien Card	235	236
IRS-990	Return of Organizations Exempt From Income Tax	Ex. 10	199
IRS-990-T	Exempt Organization Business Income Tax Return	Ex. 10	199
IRS-1040	U.S. Individual Income Tax Return	Ex. 10	
IRS-1040 Schedule F	Profit or Loss From Farming	Ex. 10	
IRS-1041	U.S. Income Tax Return of Estates and Trusts	Ex. 10	
IRS-1065	U.S. Return of Partnership Income	Ex. 10	
IRS-1120	U.S. Corporation Income Tax Return	Ex. 10	

1/ This form is obsolete.