

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income 4-PL	Amendment 11
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Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Paragraphs 31, 32, 119, 202, 203, 203.4, 204, and Exhibits 10 and 12 have been amended to reference using CCC-931.

Note: CCC-926, CCC-927, and CCC-928 are now obsolete and have been replaced by CCC-931.

Subparagraph 34 D has been amended to reference using CCC-901 and CCC-902 for collecting information for programs that do not require the determination of actively engaged in farming for payment eligibility.

Subparagraph 110 B has been amended to include that CCC-901 and CCC-902 may be considered acceptable written requests for the eligible portion of payments, loans, and benefits representative of the percentage of the ownership interest held in a foreign entity by U.S. citizens and lawful aliens.

Subparagraph 130 A has been amended to revise instructions for completing CCC-902I for share leased land, providing that entering the share percentage of division is optional.

Subparagraph 131 A has been amended to revise instructions for completing CCC-902I Short Form for share leased land, providing that entering the share percentage of division is optional.

Paragraph 136 has been amended to:

- include definitions, comparisons, and examples of joint ventures and general partnerships
- add comparative examples of joint operations and individual farming operations.

Paragraph 137 has been amended to change the title to, "Eligibility Determinations", for clarity, and include the regulatory requirement that members of a joint operation must be determined actively engaged in farming to be fully eligible for payment.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Paragraph 146 has been amended to change the title to, “Determination of Ownership Interest”, for clarity.

Subparagraph 146 D has been removed because this payment eligibility requirement is no longer applicable.

Paragraph 147 has been amended to change the title to, “Eligibility Determinations”, for clarity.

Subparagraph 147 A has been amended to change the title to, “Actively Engaged in Farming”, for clarity and to remove member contribution requirements.

Subparagraph 147 B has been amended to change the title to, “Member Contribution Requirements”, for clarity and to separately provide the requirements removed from subparagraph A.

Subparagraph 147 C has been amended to change the title to, “Exceptions to Member Contribution Requirements”, for clarity and include a reference to the requirements in subparagraph 147 B.

Subparagraph 147 I has been added to provide instructions for applying member contribution requirements and joint operations.

Subparagraph 147 J has been added to provide instructions for applying member contribution requirements for estates and trusts.

Paragraph 148 has been amended for clarity and consistency in the illustration of the correct application of member contribution requirements to different types of farming operations.

Paragraph 148.5 has been amended to correctly reference the member contribution requirements in subparagraph 147 B and the cash rent tenant provisions in subparagraph 64 C.

Subparagraph 189 A has been amended to reference CCC-931 that is used for certification of average AGI compliance and the consent to the disclosure of tax information.

Subparagraph 189 F has been amended to include that FSA-211 cannot be used for CCC-931.

Subparagraph 198 A has been amended to include reference and instructions for completing CCC-931 for 2009 through 2012.

Subparagraph 192 B has been amended to include an example of a completed CCC-931.

Paragraphs 199 and 200 have been amended to include reference, use, and handling of CCC-931 for 2009 through 2012.

Subparagraph 201 B has been amended to include CCC-929, as updated in reference to using CCC-931.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 203.4 C has been added to reference using CCC-931 and available reports for 2012 AGI reconciliation purposes.

Paragraph 203.7 has been amended to include that all reviews and determinations of average AGI compliance are completed and program participants notified by the National Office.

Subparagraph 442 B has been amended to update items that must be included with CCC-902EYR.

Exhibit 8 has been added to include a copy of a completed IRS Form 3210, Document Transmittal.

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Section 3 Producer Filing Requirements

31 Filing Requirements

A If 1 or More Producers Fail to File

[7 CFR 1400.2 (e)] If 1 or more producers on a contract or application for benefits fail to *--file the applicable CCC-902, CCC-926 or CCC-931, and related forms, the producers **not**--* filing the applicable forms will be ineligible to receive program benefits subject to eligibility and limitation applicable to that contract or application.

This failure to file will **not** affect the eligibility of other producers who meet all filing requirements.

Note: Shares **cannot** be adjusted to circumvent the ineligibility of the producer who failed to file the applicable forms and related documentation.

***--B Deadline for Filing CCC-901, CCC-902, CCC-926 or CCC-931, and Related Forms**

CCC-901, CCC-902, CCC-926 or CCC-931, and related forms may be filed at any time.--*

Encourage producers to file these forms:

- according to the deadlines established for each applicable program for which payments are requested
- as timely as practicable.

31 Filing Requirements (Continued)

B Forms and Updates

For 2009, **all** participants in programs subject to the provisions of this handbook are required to submit a completed CCC-902, CCC-926 or CCC-931, and CCC-901, if applicable, for payment eligibility and payment limitation purposes.

A valid CCC-902 and, if applicable, CCC-901 filed by the producer are considered to be continuous certifications used for all payment eligibility and payment limitation determinations applicable for the program benefits requested.

Producers are **not** required to annually submit new CCC-902's or CCC-901's for payment eligibility and payment limitation purposes unless a change in the farming operation occurs that may affect the determination of record.

Producers have the responsibility to:

- ensure that all CCC-902's, CCC-926's or CCC-931's, and related forms on file in the County Office are correct at all times
- timely notify the County Office of any changes in the farming operation that may affect the determinations of record by filing a new or updated CCC-902 or CCC-901, as applicable.

Changes that may affect the determinations include, but are **not** limited to, a change of:

- shares of a contract, which **may** reflect:
 - a land lease from cash-rent to share-rent
 - a land lease from share-rent to cash-rent

Note: The producer would be subject to the cash-rent tenant rule.
- a modification of a variable/fixed bushel-rent arrangement
- the size of the producer's farming operation by the addition or reduction of cropland that may affect the application of a cropland factor
- the structure of the farming operation, including any change in the member's shares

31 Filing Requirements (Continued)

--B Forms and Updates (Continued)--

- the contributions of farm inputs of capital, equipment, active personal labor, or active personal management
- the acquisition of farming interests **not** previously disclosed on CCC-902, including the farming interests of a spouse or minor child
- financial status that may affect the 3-year average for the determination of average AGI or other change that affects eligibility under the average adjusted income limitation.

C Documenting Changes

Changes to a farming operation may be documented on 1 of the following, depending upon the nature and extent of the changes:

- a photocopy of the previously filed CCC-902

Note: The producer should initial and date **each** change.

- CCC-902 Continuation

Note: CCC-902 Continuation may be used to document changes affecting owned or leased land in the producer's farming operation.

- a new CCC-902
- a new CCC-901, if membership in an embedded entity changes.

If changes are documented using CCC-902 photocopy or CCC-902 Continuation, the CCC-902 photocopy or CCC-902 Continuation shall **also** be signed and dated by the producer.

Note: If a new CCC-902 is submitted:

- applicable determinations **must** be made and the producer notified according to Part 7
- flag the producer as "awaiting determination" according to 3-PL (Rev. 1), subparagraph 26 B until all determinations are finalized.

32 Documentation

A Introduction

This paragraph provides guidelines on documentation needed to support COC determination.

B Adequate Documentation

COC shall require adequate documentation to support the applicable CCC-902 and CCC-926
--or CCC-931.--

Definition: Adequate documentation means whatever documentation is required by the reviewing authority to make proper actively engaged in farming, attribution, and average AGI compliance determinations.

C Documentation Not Required

The reviewing authority should avoid requiring documents that are extremely personal if the determination can reasonably be made without the documents. COC may:

- accept documents with redacted information that is **not** relevant to the actively engaged in farming and average AGI determinations
- accept income tax returns to make the determination if **voluntarily** provided by the producer
- request income tax returns to verify compliance with all average AGI limitations.

D Lease Information

It is **not** anticipated that amounts paid for land leases or equipment leases will be needed unless the equipment or land is leased from another member with an interest in the farming operation.

34 General Form Requirements (Continued)

D Forms for Conservation, Price Support, Disaster and Livestock Assistance, TAAF, and Other Program Payment Eligibility and Payment Limitation Purposes

For persons and legal entities who are participants in conservation, price support, disaster assistance, and other programs, CCC-901 and CCC-902 will be used to collect information for the application of the following:

- direct attribution
- minor child rules
- rules for foreign persons.

CCC-901 is required for all legal entities for the application of direct attribution of payments for payment limitation purposes.

*--Complete the entire CCC-902I, CCC-902I Short Form, or CCC-902E for information on minor children and foreign persons who are applicants, or members of applicants, that request program benefits. Do **not** make a determination of “actively engaged in farming”.

Note: If using business file application, it is **not** necessary to complete manual form.--*

Designate these forms similarly to the following examples:

- “For MAL and LDP purposes only”
- “For Conservation Reserve Program purposes only”
- “For ECP purposes only”
- “For TAAF purposes only”.

Note: This requirement only applies to a new program participant who has **not** previously submitted these forms to FSA for participation in other programs.

COC will:

- make the required determinations based on this information
- provide written notification to the participant according to Part 7
- update subsidiary files according to 3-PL (Rev. 1), Part 3
- record entities and joint operations according to 2-PL.

35-40 (Reserved)

109 Foreign Person Payment Eligibility

A Introduction

This paragraph provides the requirements to determine a foreign person eligible to receive payments, loans, or benefits subject to the foreign person rule for the programs listed in paragraph 11.

B Contribution Requirements

--In addition to any other applicable requirements, the following significant contributions-- **must** be provided by a person or legal entity considered to be a foreign person.

Foreign Person	Who Must Make the Contribution	What Significant Contribution Must Be Provided
Person	Person.	*--All of the following:--* <ul style="list-style-type: none"> • active personal labor • capital • land.
Entity	Each foreign person who is a stockholder or other type of member.	Active personal labor.

Note: The eligibility determination will apply to **all** program benefits associated with payments, loans, and benefits subject to the foreign person rule, with respect to any commodity produced, or land set aside from production, for that crop year.

C Active Personal Labor Exception for CRP

Labor that is custom hired may be **excluded** when determining both the amount of labor necessary to conduct the farming operation and whether the foreign person has provided a significant contribution of active personal labor, if **both** of the following apply:

- the foreign person receives **only** CRP payments
- COC determines, and State Office concurs, that such labor is **always** custom hired in the county.

Note: Exceptions shall be producer specific and documented on CCC-903 or attachment.

110 Requesting Benefits for Nonforeign Shares**A Introduction**

Entities that have been determined ineligible for payment, loan, or benefit because of the foreign person rule may receive the amount of payment that represents the percentage interest of the entity that is owned by U.S. citizens or lawful aliens.

Note: This provision is also applicable to foreign stockholders, etc. of an entity if some, but **not** all, of the foreign persons provide a significant contribution of active personal labor.

B Requesting Payment

To receive the eligible portion of payment, loan, or benefit, the entity **must**:

- provide a written request for payment to COC that includes the percentage of foreign ownership (subparagraph C)
- receive an approval determination letter from COC (subparagraph D).

***--Note:** CCC-902E and CCC-901 are considered acceptable written requests for the eligible portion of payments, loans, or benefits representative of the percentage of interest that is owned by U.S. citizens or lawful aliens.--*

119 States, Political Subdivisions, and Agencies (Continued)

D Action by Noncontrol County

Noncontrol County Offices shall follow this table for payments authorized according to subparagraph B, Exception 1, to a State producer.

Step	Action
1	<p>Notify State producers before the end of applicable signup that:</p> <ul style="list-style-type: none"> • State producers may agree to a method of disbursing program payments • a drawing will be conducted to select the payment order in which participating eligible State producers will receive program payments, if no alternative payment method is agreed upon by the State producers • State producers shall contact the control County Office by the end of signup to give the alternative payment method agreed upon by all affected parties, if applicable • the method used for selection will apply for CCC-509's.
2	<p>Send the following to the control County Office for all eligible participating State producers and participating legal entities in which the State producer has an interest:</p> <ul style="list-style-type: none"> • CCC-509's • CCC-902E's •*--CCC-926's or CCC-931's.--*
3	<p>Notify affected producers of the results of the drawing conducted by the control County Office no later than 1 week after the drawing is held.</p> <p>Note: Notify the control County Office of any cancellations.</p>

119 States, Political Subdivisions, and Agencies (Continued)

E Letter to Combined State Producers

Send this letter to State producers subject to subparagraph B, Exception 1, no later than 30 calendar days **before** the end of signup.

Producer's Name	Date
Street	
City, State ZIP Code	
Dear Producer:	
<p>A State, including all political subdivisions and agencies thereof, is only eligible for payments under DCP or ACRE if the payments are used solely for the support of public schools. Total payments cannot exceed \$500,000 annually. To be eligible for payment, each legal entity must be determined actively engaged in farming and in compliance with highly erodible land conservation and wetland conservation provisions.</p> <p>If you intend to participate in DCP and/or ACRE, you must enroll by [end of signup date]. No later than [end of signup date], all State producers should develop a method for disbursing program payments subject to limitation and inform the control County Office [give office name and address]. If no method is given, the control County Office will conduct a drawing, open to the public, on [second Friday after signup] at 10:00 a.m., for selecting the order in which participating State producers will receive payments subject to limitation. These payments are earned on State-owned land and used solely for the support of public schools.</p> <p>If a drawing is conducted, you will be notified of the results.</p> <p>Sincerely,</p> <p>County Executive Director</p>	

130 Completing CCC-902I (Continued)

A Instructions for Completing CCC-902I (Continued)

Item	Instruction	
Individual's Name	Enter name of the individual in Part A at the top of the page.	
Part C		
1	Enter the following information for all land that is operated by the individual in Part A.	
A	Farm number.	
B	State and county where located.	
C	CHECK (✓) applicable box to show whether land is owned, leased to someone, or leased from someone.	
D	Name of the individual, entity, or joint operation to whom or from whom the land is leased.	
E	Acres owned or rented on the farm.	
F	If the land is: <ul style="list-style-type: none"> • *--share leased, enter "share" (optional to enter the percentage that represents the share of the individual identified in Part A) • cash leased, enter the following: <ul style="list-style-type: none"> • "cash" if the land is cash leased from an unrelated individual or entity • the rental rate in \$ per acre if the land is cash leased from an individual or entity that has an interest in the crop or crop proceeds (optional).--* 	
G	CHECK (✓) box if same land interest was held last year.	
Part D		
If individual in Part A owns all of the land in this farming operation as listed in Part C, then proceed directly to Part I.		
1	CHECK (✓) all sources of capital for the individual in Part A that apply. If "Other" is checked (✓), specify.	
2	IF individual in Part A...	THEN CHECK (✓)...
	acquired any contributions of capital, equipment, or land through loans or credit arrangement	"Yes" and go to item 3.
	did not acquire any contributions of capital, equipment, or land through loans or credit arrangement	"No" and go to Part E.
3	used loans or credit to finance this farming operation, or to acquire/purchase land or equipment, and such financing was acquired from, guaranteed by, co-signed by, or secured by an individual, joint operation, or entity with an interest in the farming operation	
	"Yes" and complete items 3A through 3E.	
4	used loans or credit to finance this farming operation, or to acquire/purchase land or equipment, and such financing was not acquired from, guaranteed by, co-signed by, or secured by any other individual, joint operation, or entity	
	"No" and go to Part E.	

*--130 Completing CCC-902I (Continued)

A Instructions for Completing CCC-902I (Continued)--*

Item	Instruction	
Part E	All percentages are based on annual rental values.	
1	Enter percent of all equipment used in this farming operation that is owned by the individual in Part A. If no equipment used in this farming operation is owned by the entity or joint operation in Part A, enter “0%”.	
2A through 2C	Enter information for all equipment used in the farming operation that is leased by the individual in Part A. For each type of equipment leased, enter the following: A percent of total equipment used in the farming operation B name of the party or entity from whom equipment is leased C type of equipment leased. If leased equipment is not used in this farming operation, enter “0%” and go to Part F.	
2D	If individual in Part A leased equipment, indicate whether the equipment was leased from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A.	
	IF the equipment was...	THEN CHECK (✓)...
	leased from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A	“Yes” and go to item 3.
	not leased from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A	“No” and go to Part F.
3	If individual in Part A leased equipment from an individual or entity that has an interest in the farming operation of the individual in Part A, copies of lease agreements may be required for compliance purposes. Go to Part F.	

*--131 Completing CCC-902I Short Form (Continued)

A Instructions for Completing CCC-902I Short Form (Continued)--*

Item	Instruction
Part C	
1	<p>CHECK (✓):</p> <ul style="list-style-type: none"> • “No”, if the contributions of land, capital or equipment of the individual in Part A will be not acquired as the result of a loan or credit arrangement from an individual or entity with an interest in the farming operation; go to item 2. • “Yes”, if the contributions of land, capital, and equipment of the individual in Part A will be acquired as the result of a loan or credit arrangement from an individual or entity with an interest in the farming operation. <p>Stop. CCC-902I must be completed instead of CCC-902I Short Form.</p>
2	<p>Using custom services by the farming operation in Part A does not apply:</p> <ul style="list-style-type: none"> • to services for chemical and fertilizer application • to the harvesting of crops • if all the land in the farming operation is owned. <p>CHECK (✓):</p> <ul style="list-style-type: none"> • “No”, if custom services will not be used by the farming operation in Part A; go to item 3 • “Yes”, if custom services will be used by the farming operation in Part A. <p>Stop. CCC-902I must be completed instead of CCC-902I Short Form.</p>

131 Completing CCC-902I Short Form (Continued)

A Instructions for Completing CCC-902I Short Form (Continued)

Item	Instruction
3	Enter the following information for all land that is operated by the individual in Part A.
A	Farm number.
B	State and county where located.
C	CHECK (✓) applicable box to show whether land is owned, leased to someone, or leased from someone.
D	Name of the individual, entity, or joint operation to whom or from whom the land is leased.
E	Acres owned or rented on the farm.
F	If the land is: <ul style="list-style-type: none"> •*--share leased, enter “share” (optional to enter the percentage that represents the share of the individual identified in Part A) • cash leased, enter the following: <ul style="list-style-type: none"> • “cash” if the land is cash leased from an unrelated individual or entity • the rental rate in \$ per acre if the land is cash leased from an individual or entity that has an interest in the crop or crop proceeds (optional).--*
G	CHECK (✓) box if same land interest was held last year. If additional space is needed for land, complete and attach form CCC-902 Continuation
4	CHECK (✓) all sources of capital for the individual in Part A that apply. If “Other” is checked (✓), specify.

Section 3 Joint Operations

*--136 General Partnerships, Joint Operations, and Joint Ventures

A Definition of General Partnership

General partnership means:

- comprised of 2 or more persons or legal entities
- formed under State law
- subject to the terms of a formalized agreement
- identified with EIN.

In a general partnership:

- the members combine assets or the partnership may acquire property and assets
- single or multiple business enterprises are conducted by the partnership that are separate and apart from any business enterprises of the individual members
- all members are held jointly and severally liable for obligations incurred by the partnership
- each member shares in the profits and losses.

B Definition of Joint Operation [7 CFR 1400.3]

Joint operation means a general partnership or joint venture, whose members are jointly and severally liable for the obligations of the organization, in which 2 or more individuals or entities pool their resources, such as land, labor, capital, management, and equipment, to conduct the farming operation for a common purpose, sharing the profits and losses.

C Definition of Joint Venture

Joint venture means a short-term association of persons or legal entities, where the association exists without an actual partnership or corporate designation.

In a joint venture:

- the members combine their property, money, effects, skills, and knowledge
- a single business enterprise is conducted
- each member intends to derive a share or benefit
- each member sustains a mutual responsibility.--*

***--136 General Partnerships, Joint Operations, and Joint Ventures (Continued)**

D Comparison of General Partnerships and Joint Ventures

The following table provides a comparison of general partnerships and joint ventures.

Inputs and Characteristics	General Partnership	Joint Venture
Capital	Contributed by the partnership.	Contributed by each member.
Land		
Equipment		
Labor (Both active personal and hired labor.)	Contributed by the members or the partnership.	
Management	Contributed by the members.	
EIN	Yes.	Optional.
Separate Bank Account	Yes.	No.
Risk and Liability	Joint and several liability.	Joint and several liability.
Members Share in the Profits and Losses	Yes.	Yes.
Longevity	Long term.	Short term.
Written Agreement	Yes.	Optional.
Business Activities	Wide range of projects and purposes with a common goal of the members.	Limited to a specific project or purpose and common goal of the members.

--*

*--136 General Partnerships, Joint Operations, and Joint Ventures (Continued)

E Examples of Individual Operations and Joint Operations

Example 1: Tom cash leases 400 acres and his brother John has all of the equipment used in the operation. Tom pays the cash lease, but they share in all other input costs. The crop is shared 60/40 percent. Both have a risk and share in the profits and losses in the farming operation.

The joint venture of Tom and John is recorded on CCC-902E.

Example 2: Jill cash leases 160 acres and plants the crop. Her brother Jack does all the spraying and harvesting in exchange for planting and trucking that Jill performs on land that Jack owns. Jack has no investment, interest, or risk in the growing crop and will **not** share in the profits or losses on the 160 acres that Jill leases.

Jack and Jill each have their own separate farming operations. Jack and Jill each complete CCC-902I.

Example 3: AB Corporation and CD Corporation cash rent 500 acres of land. AB Inc. pays the rent on 200 acres (40 percent of the land) and CD Inc. pays the rent on the balance (60 percent or 300 acres). Each corporation has separate financing and a separate line of equipment. Each corporation keeps track of the equipment use and the expenses on this property. The crop production from the 500 acres is shared 60/40 percent. Both corporations are at risk and share in the profits and losses from the operation of this rented land.

The joint venture of these 2 corporations is recorded on CCC-902E.

Example 4: Larry and Daryl each have their own farming operations and occasionally perform field work for the other. Although they also own a tractor and cotton stripper together, each has their own accounts, equipment, and financing. Each is at risk, but crops and expenses are **not** shared on any land operated by either of them.

Larry and Daryl each have their own separate farming operations. Larry and Daryl each complete CCC-902I.

Example 5: Joe is the tenant on Dave's farm with each sharing in the crop production. Joe provides the equipment, performs all of the labor and fieldwork necessary, and delivers Dave's share of the crop production to a local grain elevator. Dave's share of the crop is in exchange for the rent of the land. While Joe and Dave share in the crop production and each has a risk, their risk is **not** mutually shared.

Joe and Dave each have their own separate farming operations. Joe completes CCC-902I and Dave completes CCC-902I Short Form.--*

***--137 Eligibility Determinations**

A Rule [7 CFR 1400.203]

Each member who shares in the income from a joint operation **must** be determined to be actively engaged in farming for the joint operation to be fully eligible for payment.--*

Members of a joint operation can be determined actively engaged in farming by meeting **all** of the requirements in the following table.

Item	Requirement
1	<p>Contributions to the farming operation of both of the following are made:</p> <ul style="list-style-type: none"> • the member or joint operation makes a significant contribution of capital, equipment, or land, or a combination thereof • each member makes a significant contribution of active personal labor or active personal management, or a combination thereof, that are: <ul style="list-style-type: none"> • performed on a regular basis • identifiable and documentable • separate and distinct from contributions of any other member. <p>Note: See subparagraph 116 A for exceptions for spouses.</p>
2	<p>The member must provide satisfactory evidence that the contributions of land, labor, management, equipment, or capital to the joint operation are commensurate with the member’s claimed share of the profits or losses of the joint operation. See *--subparagraphs 147 E, F, and G for recordkeeping, methods of proof, and verification--* requirements.</p>
3	<p>The member’s contributions to the farming operation are at risk.</p>

B Separate and Distinct Contribution of Labor

If a member provides active personal labor to the joint operation’s farming operation that is performed on a regular basis, and that is identifiable and documentable, the member will be considered to have met the requirement of a separate and distinct contribution of labor to the joint operation’s farming operation.

C Contributions Not Commensurate

For a member of a joint operation whose contributions of inputs are not equal to his or her claimed share:

- if the contribution is less than commensurate, that member is not considered “actively engaged in farming” and ineligible to receive any payment earned by the joint operation
- if the contribution is at least commensurate, that member may receive his or her share of the payment earned by the operation, but this share cannot be increased because of the ineligibility of another member.

Section 4 Corporations, LLC’s, LLP’s, and LP’s

--146 Determination of Ownership Interest--

A Ownership in Legal Entities

Ownership interest in a legal entity that receives payment subject to limitation for the program year will be determined according to the following table.

IF the legal entity...	THEN the date for the determination of ownership interest is....
existed on June 1 of the year for which program benefits were requested	June 1.
did not exist on June 1 of the year for which program benefits were requested	the date the legal entity was formed.

Voluntary acquisition of interest after June 1, or date legal entity was formed, does **not** reduce the ownership share of any interest holder for payment limitation purposes.

For interest held in other legal entities that have minor children as heirs, beneficiaries, or members, consider any program payments received by or attributed to that interest of the minor child as being attributed to the minor child’s parent or legal guardian.

Note: If the minor child is considered separate for payment limitation purposes according to paragraph 117, program payments received by or attributed to the minor child’s interest will **not** be attributed to the parent or legal guardian.

B Stock Classes

For corporations with more than 1 stock class; such as preferred and common, the ownership percentage of stock, or unit of ownership, shall be determined by the fair market value of outstanding stock.

Note: The value can be determined by COC, STC, DAFP, or designee, but should be determined at the earliest level **before** referring to the next higher level of authority.

--146 Determination of Ownership Interest (Continued)--

C Fair Market Value Factors

To determine the fair market value of stock, or unit ownership, the following available factors shall be considered:

- current market quotations for each stock class
- relevant factors affecting the value of each stock class
- rights and privileges of each stock class
- any other information that would assist in the determination.

* * *

***--147 Eligibility Determinations**

A Actively Engaged in Farming--*

[7 CFR 1400.204] A corporation, LLC, LLP, or LP shall be considered to be actively engaged in farming, if **all** of the requirements in the following table are met.

Item	Requirement
1	The legal entity independently and separately makes a significant contribution of capital, equipment, land, or combination thereof.
2	Partners, stockholders, or members with an ownership interest in the legal entity make contributions, whether compensated or not compensated, of active personal labor, active personal management, or a combination of active personal labor and active personal management to the farming operation. * * *
3	The collective contribution of active personal labor or active personal management by partners, stockholders, or members is a significant contribution to the farming operation.
4	The legal entity's share of the profits or losses from the farming operation is commensurate with the contributions to the farming operation.
5	The legal entity's contributions are at risk, with the level of risk being commensurate with the legal entity's claimed share of the farming operation.

***--B Member Contribution Requirements**

In addition to the requirements of actively engaged in farming, all partners, stockholders, or members with an ownership interest in the legal entity **must** make contributions of active personal labor and/or active personal management to the farming operation of the legal entity that are:

- performed on a regular basis
- identifiable and documentable
- separate and distinct from contributions of any other partner, stockholder, or member.

Note: If a partner, stockholder, member fails to meet this requirement, payments subject to the actively engaged in farming determination will be reduced by the share held by that partner, stock, or member.--*

*--147 Eligibility Determinations (Continued)

C Exceptions to Member Contribution Requirements

The following are exceptions to the requirements of subparagraph B.--*

Payments less than 1 limitation – If the total of direct payments under DCP received, both directly and indirectly, for the program year by the partners, stockholders, and members does **not** exceed \$40,000, the requirement of a significant contribution of active personal labor or active personal management may be met by partners, stockholders, or members who collectively hold at least 50 percent of the ownership interest in the legal entity.

Spouses – If both spouses are interest holders in the same legal entity, the contribution of active personal labor and/or active personal management of 1 spouse to the farming operation of the legal entity will also meet the other spouse's requirement to make a contribution of active personal labor and/or active personal management to the farming operation of the legal entity.

Minor children – If a parent is an interest holder in a legal entity in which his or her minor children are also interest holders, the parent's contribution of active personal labor and/or active personal management to the legal entity's farming operation will also meet the requirement that each minor child **must** make a contribution of active personal labor and/or active personal management to the same farming operation.

Spouses and minor children – If both spouses and minor children are in the same legal entity, the contributions of 1 spouse/parent of active personal labor and/or active personal management to the legal entity's farming operation will meet the requirements that all such interest holders of the legal entity **must** contribute active personal labor and/or active personal management to the legal entity's farming operation.

Note: Contributors of active personal labor and/or active personal management to a legal entity's farming operation **must** hold an ownership interest in the legal entity at the time the contributions are made.

Landowner – If all land in the legal entity's farming operation is owned by the legal entity, the requirements of subparagraph A do **not** apply to the interest holders of the legal entity.

D Separate and Distinct Contributions of Labor

If a partner, stockholder, or member provides active personal labor to the entity's farming operation that is performed on a regular basis, and that is identifiable and documentable, that partner, stockholder, or member will be considered to have met the requirements of a separate and distinct contribution of labor to the entity's farming operation.

--147 Eligibility Determinations (Continued)--**E Burden of Proof Recordkeeping Requirements**

All partners, stockholders and members with an ownership interest must contribute active personal labor and/or active personal management to the entity's farming operation.

Each partner, stockholder, and member must be able to show by reasonable means that such activities:

- are performed on a regular basis throughout the crop year
- are identifiable and documentable as to which partner, stockholder, or member made such contribution
- are separate and distinct from any other partner, stockholder or member with an ownership interest in the farming operation.

F Methods of Proof

Reasonable records may include, but are not limited to, the following:

- appointment books
- calendars
- narrative summaries
- phone logs
- contemporaneous records
- activity logs with date, time, and description of activity performed
- documents for goods and services used by the farming operation signed only by the interest holder.

--147 Eligibility Determinations (Continued)--

G Verification of Recorded Activities

COC may request verification from an interest holder if:

- the records provided for these activities seem unreasonable for the type and size of farming operation
- performance of these activities is questionable as claimed
- the farming operation is selected for an end-of-year review for payment eligibility and payment limitation compliance purposes.

H Payment Reduction

If any partner, stockholder, or member fails to meet the requirements in subparagraph A, **all** payments to the legal entity subject to the actively engaged determination will be reduced by an amount commensurate with the ownership share held by the partner, stockholder, or member.

***--I Member Contribution Requirements and Joint Operations**

The following table provides guidance for the applicability of member contribution requirements when the payment entity is a joint operation.

IF the member is....	THEN the member contribution provisions...
individual	do not apply, unless the individual is a member of an embedded entity in the organizational structure.
legal entity without members	are not applied.
revocable trust	do not apply, unless the trust/estate is a member of an embedded entity in the organizational structure.
irrevocable trust	
estate	
LLC using a Social Security number	do not apply, unless the LLC is a member of an embedded entity in the organizational structure.
legal entity including:	apply to any members of the legal entity that are:
<ul style="list-style-type: none"> • corporation • limited partnership • individual operating as a small business • LLC using an employer identification number 	<ul style="list-style-type: none"> • individuals down to the lowest level member • revocable trusts • irrevocable trusts • estates. <p>Exception: Member contribution provisions do not apply to individual members of an embedded trust or estate.</p>

--*

***--147 Eligibility Determinations (Continued)**

I Member Contribution Requirements and Joint Operations (Continued)

IF the member is....	THEN the member contribution provisions...
joint operation	do not apply to any members unless 1 of the members is a legal entity. If 1 member of the embedded joint operation is a legal entity, follow the provision for the members that are legal entities.

J Member Contribution Requirements for Estates and Trusts

Member contribution requirements do not apply to an estate, revocable trust, or irrevocable trust, unless the estate/trust is a member of a legal entity with members such as:

- corporation
- limited partnership
- individual operating as a small business
- LLC using an employer identification number.

The following table provides guidance for the applicability of member contribution requirements for estates and trusts.

IF the payment entity is...	AND the member is...	THEN member contribution requirements...
<ul style="list-style-type: none"> • revocable trust • irrevocable trust • estate 		do not apply to any member of the organizational structure.
a legal entity with members, including: <ul style="list-style-type: none"> • corporation • limited partnership • individual operating as small business • LLC using an employer identification number 	revocable trust	<ul style="list-style-type: none"> • apply to the trust/estate • do not apply to the individual members of the embedded trust/estate.
	irrevocable trust	
	estate	
a joint operation		see subparagraph I.

--*

148 Corporation, LLC, LLP, and LP Case Examples

A Example 1

Situation: Corporation XYZ rents 3,000 acres of land for 1/3 share of the crop.

- Corporation XYZ contributes a significant amount of capital to the operation.
- Corporation XYZ hires the majority of all labor necessary for the operation.
- All 3 stockholders provide the balance of the labor needed.
- All 3 stockholders meet regularly during the crop year and all management decisions are made jointly during these meetings.
- Each stockholder has defined responsibilities, such as marketing, field operations and equipment, financing and daily business activities.
- Each stockholder is on-site almost every day during the crop year.
- The corporation's share of the profits or losses from the farming operation is commensurate with the corporation's contributions and the contributions are at risk for a loss.

***--Determination:** Corporation XYZ made a significant contribution of capital. All 3 stockholders collectively made a significant contribution of active personal management to the farming operation. Corporation XYZ is; therefore, considered actively engaged in farming. Each stockholder contributed active personal labor and active personal management to the farming operation on a regular basis, identifiable and documentable, and each stockholder's contribution was separate and distinct from contributions made by the other stockholder. No payment reduction will be applied to the program payments received by Corporation XYZ.--*

148 Corporation, LLC, LLP, and LP Case Examples (Continued)

B Example 2

Situation: Corporation AB consists of Father A and Son B, each having a 50 percent share. Corporation AB cash-rents land.

- Father A is a retired farmer who created the corporation for tax reasons and to aid in the transfer of the farm to Son B.
- The corporation contributes a significant amount of capital and equipment to the farming operation.
- Son B contributes both active personal labor and active personal management to the farming operation.
- Father A lives on the farm and contributes no active personal labor, but periodically advises Son B about farm related matters.

***--Determination:** Corporation AB provides significant contribution of capital and equipment, and Son B makes a significant contribution of active personal labor and active personal management to the farming operation. Corporation AB is considered actively engaged in farming; however, because Father A who holds a 50 percent ownership interest failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation AB will be subject to a 50 percent reduction in program payments received.--*

C Example 3

Situation: Corporation GH consists of Husband G owning 70 percent of the corporate stock and Wife H owning 30 percent of the corporate stock.

- Corporation GH provides all the capital, equipment, and leased land for the farming operation.
- Husband G provides all of the active personal labor and active personal management necessary for the farming operation.

Determination: Corporation GH is actively engaged in farming through the contributions of the corporation and of Husband G. Even though Wife H failed to make any contributions of active personal labor, active personal management, or a combination thereof, the exception ***--applicable to spouses in subparagraph 147 C applies. No payment reduction will be--*** applied to Corporation GH.

148 Corporation, LLC, LLP, and LP Case Examples (Continued)

D Example 4

***--Situation:** Revocable Trust E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The revocable trust's grantor makes no contributions.

* * *

***--Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Trust E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by Trust E.

If the grantor of Trust E were making contributions of active personal labor and/or active personal management to the farming operation on behalf of Trust E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.

E Example 5

Situation: Irrevocable Trust E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The irrevocable trust's beneficiaries make no contributions.

* * *

148 Corporation, LLC, LLP, and LP Case Examples (Continued)

E Example 5 (Continued)

***--Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Trust E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by Trust E.

If the beneficiaries of Trust E were making collective contributions of active personal labor and/or active personal management to the farming operation on behalf of Trust E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.

F Example 6

Situation: Estate E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The estate's representative or heirs make no contributions.

* * *

***--Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Estate E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by Estate E.

If the heirs or personal representative of Estate E were making collective contributions of active personal labor and/or active personal management to the farming operation on behalf of Estate E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.--*

148 Corporation, LLC, LLP, and LP Case Examples (Continued)

G Example 7

***--Situation:** LLC E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation (payment entity) as actively engaged in farming.
- LLC's interest holders make no contributions.

* * *

***--Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, LLC E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by LLC E.

If the interest holders of LLC E were making contributions of active personal labor and/or active personal management to the farming operation on behalf of LLC E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.--*

148.5 Member Contribution Share

A Determining Member Contribution Share

A member contribution share for a member of a legal entity is necessary only when **both** of the following apply:

- part of the land in the farming operation is owned by the legal entity
- *--member fails to make contributions according to subparagraph 147 B.--*

B Calculating Member Contribution Share

Calculate the member contribution share as follows:

- total acres of cropland owned by the legal entity, **divided by**
- total acres of cropland operated/included in the legal entity's farming operation.

Example: Big Farms LLC has 2 interest holders, Jed and Jared. Neither make any *--contributions to the farming operation according to subparagraph 147 B.--*

Big Farms LLC operates a total of 500 acres. Of that total, 100 acres are owned by Big Farms LLC.

100 acres owned divided by 500 acres total in the farming operation equals a member contribution share of .2000 for Jed and Jared.

C Calculating Member Contribution Share When a Cropland Factor Is Applicable to the Payment Entity

Calculate the member contribution share when a cropland factor is involved as follows:

- total cropland owned by the legal entity, **divided by**
- total acres of cropland operated **less** the acres of cropland responsible for the cropland factor applied to the payment entity.

148.5 Member Contribution Share (Continued)

C Calculating Member Contribution Share When a Cropland Factor Is Applicable to the Payment Entity (Continued)

Example: Hawkeye Ag LLC has 2 interest holders, John and Jake, with equal shares. Hawkeye Ag LLC operates a total of 1,500 acres of land comprised of 500 acres owned, 500 acres share-rented, and 500 acres cash-rented.

John meets member contribution provisions. Jake does **not** meet member contribution provisions according to subparagraph 147 B and is only eligible for share of payments on the owned land.

Hawkeye Ag LLC earned \$30,000, but failed to meet the cash-rent tenant provisions according to subparagraph 147 B.

Both a cropland factor for Hawkeye Ag LLC and a member contribution share for Jake must be calculated and applied.

Calculate the cropland factor according to subparagraph 64 D as follows:

- total cropland acres owned plus acres not cash-rented, divided by
- total cropland acres in the farming operation.

500 acres owned plus 500 acres share-rented divided by 1,500 acres in the farming operation of Hawkeye Ag LLC equals a factor of .6666. This factor will be applied to the total payments earned of \$30,000 for a payment reduction of \$10,000 ($30,000 \times .6666 = 20,000$; $30,000 - 20,000 = 10,000$).

The failure of Hawkeye Ag LLC in meeting the cash-rent tenant provision will result in a payment reduction of \$10,000 applied to the entity.

The acres of cropland responsible for the cropland factor applied at the entity level will not be included in the calculation of the member contribution share.

Calculate the member share contribution for Jake as follows: 500 acres owned by Hawkeye Ag divided by 1,000 acres (1,500 acres total minus 500 acres cash-rented) equals a member contribution share of .5000.

- For John, the member contribution flag will be set to “Y”.
- For Jake, the member contribution flag will be set to “P” and the member contribution factor of .5000 will be entered.

189 Average AGI Certification

A Certifying Compliance

To comply 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 applicable limitation and agreement with all requirements of information disclosure
- CCC-931 applicable to the year that program benefits are requested.--*

B Statements From CPA's or Attorneys

Statements from CPA's or attorneys certifying AGI compliance **must** include the following:

- name of the individual or entity to which the certification applies
- program year for which the certification applies
- the 3 years used to calculate average AGI
- AGI limitations with which the individual or entity is in compliance
- that the individual or entity agrees to **all** requirements of information disclosure for AGI verification purposes under 7 CFR Part 1400 regulations

* * *

- that **all** definitions and requirements of AGI in 7 CFR Part 1400 regulations have been reviewed.

C Required AGI Certifications for Payment Eligibility

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

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

189 Average AGI Certification (Continued)

D Verifying AGI Certifications

COC or reviewing authority may do the following:

- question all or part of an AGI certification provided by an individual or entity
- request documentation, such as tax records, from the individual or entity
- use requested information to verify certifications made by the individual or entity for AGI certification purposes.

COC or reviewing authority shall record the following in COC or STC minutes:

- individuals and entities reviewed
- findings and results of reviews
- determinations of compliance or non-compliance with each AGI limitation.

COC or reviewing authority shall provide the following:

- written notice to the individuals and entities of results
- appeal rights according to 1-APP, if any determination is considered adverse.

***--E Deadline for AGI Certifications and Consents to Disclose**

AGI certification and consent to disclose **must** be submitted:--*

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

F Using FSA-211's

*--FSA-211's may **not** be used to complete AGI certifications and consents to disclose.

G Multi-County Producers

Persons or legal entities with multi-county farming interests will submit the required AGI certifications and consents to disclose **only** 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 228 and 229.

197 Calculating Average AGI for 2009 and Subsequent Years (Continued)

B Special Rule for Average AGI Determination

If at least 66.66 percent of a person's or legal entity's average AGI is derived from all other sources of farm income, income from the following, if applicable, shall **also** be considered as farm income:

- sale of equipment to conduct farm, ranch, and forestry operations
- provision of production inputs and services to farmers, ranchers, foresters, and farm operations.

C Applying the Special Rule for Determining the Average AGI

The following are examples of applying the rule in subparagraph B.

Example 1: Jake has requested 2009 DCP benefits. Jake's total average AGI was \$900,000. His farm AGI was \$650,000 from the production of crops and livestock. His nonfarm AGI was comprised of \$150,000 from his aerial spraying service and \$100,000 from oil and gas royalties.

Facts and figures: Over 66.66 percent of Jake's total AGI was from the production of crops (\$650,000 divided by \$900,000 times 100 equals 72.22 percent). Jake also has nonfarm AGI from his aerial spraying; a custom service to farmers and ranchers, that now **must** be considered farm AGI for payment eligibility purposes.

The result: Jake's farm AGI is now \$800,000 (the total of \$650,000 and \$150,000); nonfarm AGI is \$100,000. Jake's farm AGI exceeds \$750,000. Jake is eligible for 2009 DCP benefits, **except** for direct payments.

Example 2: Wanda has requested 2009 DCP, NAP, and EQIP benefits. Wanda's total AGI was \$3 million. Her farm AGI was \$2.25 million from the production of crops and livestock. Her nonfarm AGI was \$750,000; comprised of \$500,000 for livestock equipment sales and \$250,000 from commercial real estate rental.

Facts and figures: Over 66.66 percent of Wanda's total AGI was from the production of crops and livestock (\$2.25 million divided by \$3 million times 100 equals 75 percent). Wanda also has nonfarm AGI of \$500,000 from livestock equipment sales that now **must** be considered average farm AGI for payment eligibility purposes.

The result: Wanda's farm average AGI is now \$2.75 million (\$2.25 million and \$500,000); nonfarm AGI is \$250,000. Wanda's farm AGI still exceeds \$750,000, but her nonfarm AGI is now less than \$500,000. Wanda is eligible for all program benefits requested, **except** for 2009 DCP direct payments.

***--198 CCC-931, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information**

A Completing CCC-931's for 2009 and Subsequent Years

Complete CCC-931's according to the following table.

Item	Instruction
1	Enter name and address of the FSA County Office or Service Center of the recording county of the producer.
2	Enter the name and address of the person or legal entity that is requesting benefits under any of the commodity, conservation or price support programs.
3	Enter SSN or TIN of the person or legal entity represented in item 2.
4	<p>Enter a check (✓) next to the year for which program benefits are being requested. Select only 1.</p> <p>Note: The year selected determines the 3-year period that will be used in the calculation of the applicable average AGI for payment eligibility.</p>
5	<p>Select the appropriate response that describes whether or not the average adjusted gross farm income for the applicable 3-year period selected in item 4 was at least 66.66 percent of the average AGI, both farm and nonfarm income. This AGI is the amount of AGI reported to IRS.</p> <p>CHECK (✓) "NO" or "YES" as applicable.</p> <p>If "YES" is checked, and if income includes the sale of farm equipment or production inputs and services to farmers, ranchers, foresters and farming operations, review the definition of farm income on CCC-931, page 2.</p> <p>Example: Jake has requested 2012 DCP benefits. Jake's average AGI was \$900,000. His farm AGI was \$650,000 from the production of crops and livestock.</p> <p>His nonfarm AGI was comprised of \$150,000 from his aerial spraying service and \$100,000 from oil and gas royalties.</p> <p>Over 66.66 percent of Jake's total AGI was from the production of crops (\$650,000 divided by \$900,000 times 100 equals 72.22 percent). Jake also has nonfarm AGI from his aerial spraying; a custom service to farmers and ranchers, that now must be considered farm AGI for payment eligibility purposes.</p> <p>Jake's farm AGI is now \$800,000 (the total of \$650,000 and \$150,000); nonfarm AGI is \$100,000. Jake's farm AGI exceeds \$750,000. Jake is eligible for 2012 DCP benefits, except for direct payments.</p>

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***--198 CCC-931, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information (Continued)**

A Completing CCC-931's for 2009 and Subsequent Years (Continued)

Item	Instruction
6	<p>Check (✓) the box next to the response that describes the average adjusted gross farm income for the applicable 3-year period for the program year selected in item 4. Adjusted gross farm income is determined separately for each of the 3 years and then averaged to determine the average adjusted gross farm income used on CCC-931.</p> <p>Note: Adjusted gross farm income is not the same as the gross farm income reported to IRS. Adjusted gross farm income for FSA purposes is comparable to the net income from farming and related operations. In many cases, this may be the same as the “Net Farm Profit” or “Loss” determined on Schedule F of IRS-1040. However, FSA’s definition of adjusted gross farm income also includes income from the sale of items such as agricultural related land, breeding livestock, and agricultural/conservation easements. Additionally, it is important to consider if income was received from the sale of farm related equipment and/or if income was received from the sale of production inputs and services before answering this question. Usually, income from these items is not considered farm income. However, if the income from farming is at least 66.66 percent of the total AGI from all sources, both farm income and nonfarm income, a special rule applies and income from these items must be included in the adjusted gross farm income. See the definition of farm income on CCC-931, page 2 for full details of what to include in adjusted gross farm income.</p>
7	<p>Check (✓) the box next to the response that describes the average adjusted gross nonfarm income for the applicable 3-year period for the program year selected in item 4. Adjusted gross nonfarm income is determined separately for each of the 3 years and then averaged to determine the average adjusted gross nonfarm income used on CCC-931.</p> <p>Adjusted gross nonfarm income is determined by subtracting the adjusted gross farm income for a tax year from the AGI as reported to IRS for the tax year.</p>
8	<p>Read the acknowledgments, responsibilities and authorizations, before affixing signature.</p> <p>For all types of entities, CCC-931 must be signed by a duly authorized representative.</p>
9	<p>Enter the title or relationship if signing in a representative capacity.</p>
10	<p>Enter the signature date in month, day, and year format.</p>

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*--198 CCC-931, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information (Continued)

B Example of CCC-931

The following is an example of a completed CCC-931.

This form is available electronically. CCC-931 (09-01-11)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. Return completed form to: Best County FSA Office 1234 Rough Rd. Somewhere, TX XXXXX-XXXX (Name and address of FSA county office or USDA Service Center)
AVERAGE ADJUSTED GROSS INCOME (AGI) CERTIFICATION AND CONSENT TO DISCLOSURE OF TAX INFORMATION			
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1400, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 <i>et seq.</i>), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information collection is exempted from the Paperwork Reduction Act, as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. PLEASE RETURN COMPLETED FORM TO FSA AT THE ABOVE ADDRESS.			
2. Name and Address of Individual or Legal Entity (Including Zip Code) Flatland Farms and Livestock LLC 9630 Circle Drive Some City, TX xxxxx-xxxx (Enter the same name and address as used for the tax return specified in Part B.		3. Taxpayer Identification Number (TIN) (Social Security Number for Individual; or Employer Identification Number for Legal Entity) XX-XXXXXXX	
PART A - CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME			
4. PROGRAM YEAR Select the program year for payment eligibility (Check only one).			
A. <input type="checkbox"/> 2009 The 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.		C. <input type="checkbox"/> 2011 The 3-year period for calculation of the average AGI will be the taxable years of 2009, 2008 and 2007.	
B. <input type="checkbox"/> 2010 The 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.		D. <input checked="" type="checkbox"/> 2012 The 3-year period for calculation of the average AGI will be the taxable years of 2010, 2009 and 2008.	
5. Of the average adjusted gross income (both farm and nonfarm income) for the year selected in Item 4, was at least 66.66 percent from farming, ranching or forestry operations? A. <input checked="" type="checkbox"/> YES B. <input type="checkbox"/> NO		NOTE: If "YES," the Special Rule applies and income from the sale of farm equipment or production inputs and services to farmers, ranchers and foresters has been included as farm income.	
Special Rule: If at least 66.66 percent of the average adjusted gross income of the individual or legal entity is derived from farming, ranching and forestry operations, income from the sale of farm, ranch and forestry equipment or production inputs and services to farmers, ranchers, and foresters must be included as farm income.			
6. I certify that the average adjusted gross <u>farm income</u> of the individual or legal entity in Item 2 (for the program year selected in Item 4) was: A. <input checked="" type="checkbox"/> Less than (or equal to) \$750,000 B. <input type="checkbox"/> More than \$750,000			
7. I certify that the average adjusted gross <u>nonfarm income</u> of the individual or legal entity in Item 2 (for the program year selected in Item 4) was: A. <input checked="" type="checkbox"/> Less than (or equal to) \$500,000 B. <input type="checkbox"/> More than \$500,000 but less than (or equal to) \$1 million C. <input type="checkbox"/> More than \$1 million			
PART B - CONSENT TO DISCLOSURE OF TAX INFORMATION			
Pursuant to 26 U.S.C. §6103, I hereby authorize the Internal Revenue Service (IRS) to review the following items of "return information" (as defined in 26 U.S.C. §6103(b)(2)) from the returns (as specified below) of the individual or legal entity identified in Item 2 for the taxable years indicated in Item 4:			
Form 1040 and 1040NR filers; farm income or loss; adjusted gross income		Form 1120, 1120A, 1120C filers: charitable contributions, taxable income	
Form 1041 filers; farm income or loss, charitable contributions, income distribution deductions, exemptions, adjusted total income; total income		Form 1120S filers: ordinary business income	
Form 1065 filers; guaranteed payments to partners, ordinary business income		Form 990T: unrelated business taxable income	
I understand the IRS will review these items of return information in order to perform calculations, the results of which I authorize to be disclosed to officers and employees of the United States Department of Agriculture (USDA) for use in determining the individual's or legal entity's eligibility for specified payments for various commodity and conservation programs. The calculations performed by the IRS use a methodology prescribed by the USDA. In addition, I am aware that the USDA may use the information received for compliance purposes related to this eligibility determination, including referrals to the Department of Justice.			
Specially, the IRS will disclose to the USDA the individual's or legal entity's name and TIN, and inform the USDA if, pursuant to its calculations, the average Adjusted Gross Income (AGI) is above or below eligibility requirements as prescribed by the Food, Conservation and Energy Act of 2008. The IRS will also disclose to the USDA the type of return from which the information used for the calculations was obtained.			
If the IRS is unable to locate a return that matches the taxpayer identity information provided above, or if IRS records indicate that the specified return has not been filed, for any of the taxable years indicated, the IRS may disclose that it was unable to locate a return, or that a return was not filed, for those years, whichever is applicable.			
By signing this form:			
<ul style="list-style-type: none"> - I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form; - I certify that all information contained within this certification is true and correct; and is consistent with the tax returns filed with the IRS; - I agree to authorize CCC to obtain tax data from the IRS for AGI compliance verification purposes by filing this form; - I am aware that if not signed and dated, this form will be returned, which may delay the receipt of program benefits; - I am aware that without this consent to disclosure, the returns and return information of the individual or legal entity identified in Item 2 are confidential and are protected by law under the Internal Revenue Code; - I certify that I am authorized under applicable state law to execute this consent on behalf of the legal entity identified in Item 2 (for legal entity only). 			
8. Signature (By) /s/ Archie Stanton		9. Title/Relationship of the Individual if Signing in a Representative Capacity President, Flatland Farms and Livestock, LLC	10. Date (MM-DD-YYYY) 02-10-2012
The U.S. Department of Agriculture (USDA) prohibits discrimination in all of 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, political beliefs, genetic information, 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, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.			

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***--198 CCC-931, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information (Continued)**

B Example of CCC-931 (Continued)

CCC-931 (09-01-11) Page 2 of 2

GENERAL INFORMATION ON AVERAGE ADJUSTED GROSS INCOME – PART A

Individuals or legal entities that receive benefits under most commodity and conservation programs administered by CCC cannot have incomes that exceed certain limits set by law. For entities, both the entity itself, and its members cannot exceed the income limitations. If a member, whether an individual or an entity, of an entity exceeds the limitations, payments to that entity will be commensurately reduced according to that member's direct or indirect ownership share in the entity. (All members of the entity must also submit this form to verify income limitations are met.)
Individuals or legal entities with average adjusted gross farm income greater than \$750,000 shall be ineligible for direct payments under the Direct and Counter-cyclical Program.

Individuals or legal entities with average adjusted gross nonfarm income that exceeds \$500,000 shall be ineligible for commodity program payments, price support benefits, disaster assistance programs, and for the Milk Income Loss Compensation Program. Additionally, individuals or legal entities with average adjusted gross nonfarm income exceeding \$1 million will be ineligible for new contracts or participation in conservation programs after October 1, 2008, unless at least 66.66% of their total average adjusted gross income (sum of farm and nonfarm income) is generated from activities related to farming defined as "farm income" below.

Adjusted Gross Income is the individual's or legal entity's IRS-reported adjusted gross income consisting of both farm and nonfarm income. A three year average of that income will be computed for the three years of the relevant base period identified on the first page of this form to determine eligibility for the applicable program year.

Adjusted Gross Farm Income is the part of the yearly adjusted gross income that is farm income. The amount is computed separately for each year and then averaged. **Farm income means income** related to the following: production of crops, livestock, fish and aquaculture for food; the feeding and rearing of livestock; products produced or derived from livestock; production of specialty crops and unfinished raw forestry products; processing packing, storing and transporting farm, ranch and forestry commodities including renewable energy; production of farm-based renewable energy; the sale of land used for agriculture; sale of land or sale of easements and development rights to agricultural land, water and hunting rights, and environmental benefits; rental or lease of land or equipment used in farming, ranching, forestry operation; payments and benefits from risk management practices, crop insurance indemnities, catastrophic risk protection plans, conservation program and government farm program payments.

Adjusted Gross Nonfarm Income is the difference for the year between the filer's *adjusted gross income* and the filer's *adjusted gross farm income*. The difference is computed separately for each year and then averaged.

HOW TO DETERMINE ADJUSTED GROSS INCOME

Individual - Internal Revenue Service (IRS) Form 1040 filers, specific lines on that form represent the adjusted gross income and the income from farming, ranching, or forestry operations.

Trust or Estate - the adjusted gross income is the total income and charitable contributions reported to IRS.

Corporation - the adjusted gross income is the total of the final taxable income and any charitable contributions reported to IRS.

Limited Partnership (LP), Limited Liability Company (LLC), Limited Liability Partnership (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.

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.

GENERAL INFORMATION ON CONSENT TO DISCLOSURE OF TAX INFORMATION – PART B

This consent allows IRS's access to, and use of, certain items of return information to perform calculations, using a methodology prescribed by the USDA, that will assist USDA in its verification of a program participant's compliance with the adjusted gross income (AGI) limitations necessary for participation in, and receipt of, commodity, conservation, price support or disaster program benefits. This consent also permits the USDA to receive certain items of return information for its eligibility determination.

This consent authorizes the disclosure of these items of return information for only the time period specified. Each item of information requested on this form is needed for the IRS to (1) locate, and verify, your tax information; (2) perform the requisite Average AGI calculations; and (3) provide the USDA with the legal entity's name and Taxpayer Identification Number (TIN), the type of return from which the specified items were located for use in the calculation, and whether or not the average AGI is above or below eligibility requirements. The IRS will not provide the USDA with any of the items specified on this consent form that it uses to perform the calculations or the average AGI figure.

This form can only be signed by the person authorized under state law to sign this consent for the legal entity identified in Item 1. An approved Power of Attorney (Form FSA-211) on file with USDA cannot be used as evidence of signature authority when completing this form.

INSTRUCTIONS FOR COMPLETION OF CCC-931

Item No./Field name	Instruction
1. Return Completed Form To	Enter the name and address of the FSA county office or USDA service center where the completed CCC-931 will be submitted.
2. Person or Legal Entity's Name and Address	Enter the person's or legal entity's name and address for commodity, conservation, price support, or disaster program benefits. <i>Enter the name and address as it appeared on the IRS tax returns filed for the taxable years specified in Item 4.</i>
3. Taxpayer Identification Number	In the format provided, enter the <u>complete</u> taxpayer identification number of the person or legal entity identified in Item 2. <i>This will be either a Social Security Number or Taxpayer Identification Number.</i>
4. Program Year	Check (✓) the year for which program benefits are being requested. The selection indicates the 3-year period used for the determination of the average adjusted gross income for payment eligibility and the years for which this consent allows access to tax information.
5. Average Adjusted Gross Income from Farming, Ranching or Forestry	Check (✓) the appropriate response to indicate whether or not at least 66.66 percent of the average adjusted gross income was derived from farming, ranching, or forestry operations during the applicable 3-year period selected in Item 4. Check (✓) "YES" or "NO" as applicable.
6. Average Adjusted Gross Farm Income	Check (✓) the box next to the response that describes the average adjusted gross farm income for the applicable 3-year period for the program year selected in Item 4. Check (✓) only one response.
7. Average Adjusted Gross Nonfarm Income	Check (✓) the box next to the response that describes the average adjusted gross nonfarm income for the applicable 3-year period for the program year selected in Item 4. Check (✓) only one response.
8. Signature	Read the acknowledgments, responsibilities and authorizations, <i>before</i> affixing your signature.
9. Title/Relationship	Enter title or relationship to the legal entity identified in Item 2.
10. Date	Enter the signature date in month, day and year. <i>This form must be returned to FSA within 120 days of the signature date for the consent to be valid.</i>

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199 Verifying Average AGI Certifications

A Required Verification of Average AGI

The review and verification of average AGI compliance certifications submitted by program participants is required to:

- ensure the accuracy of payments
- maintain the integrity of programs subject to average AGI limitations
- prevent issuing program payments to persons and legal entities that are not in compliance with the average AGI limitations.

B Data Exchanged Between FSA and IRS

FSA and IRS have finalized a data-sharing process for average AGI compliance and verification. IRS will report the results of this process to FSA on a regular basis. FSA will use this information to determine the following:

- whether a program participant complies with the average AGI limitations
- if further review is required.

C Schedules for Average AGI Compliance Activities

See:

- Exhibit 11 for the schedule for average AGI compliance actions for 2009 and 2010 crop, program, and FY
- Exhibit 12 for the schedule for average AGI compliance actions for 2011 and 2012 crop, program, and FY.

D State and County Office Duties and Responsibilities

State and County Office duties and responsibilities include the following:

- publicize average AGI limitation provisions
- *--provide all program participants copies of CCC-929 and CCC-931
- make available the fact sheets on the average AGI provisions and the AGI verification process
- emphasize the importance that all program participants timely complete and submit CCC-931.--*

200 Disclosing Information**A Written Consent for IRS to Disclose Information**

The average AGI verification process begins with participants providing written consent to IRS to:

- use tax information on file
- disclose certain tax-related information to CCC/FSA for AGI compliance verification purposes.

B Consent From an Individual

*--CCC-931 is to be used by an individual with a Social Security number that is either of the following:

- a program participant in 2009, 2010, 2011, or 2012
- a member of a legal entity that is a program participant.

C Consent From a Legal Entity

CCC-931 is to be used by a legal entity with EIN that is either of the following:

- a program participant in 2009, 2010, 2011, or 2012
- a member of another legal entity that is a program participant.

Note: CCC-931 must be submitted under the same name and TIN as used for tax filing purposes.

Example: A revocable trust identified by the grantor's Social Security number must submit CCC-931 for an individual with the grantor's name.--*

200 **Disclosing Information (Continued)**

D Time Period of Consent for Disclosure

*--Selection of the 2009, 2010, 2011, or 2012 program year applies to participants:

- in programs subject to 2009, 2010, 2011, or 2012 average AGI compliance
- who filed CCC-931 or an acceptable statement from CPA or attorney for 2009, 2010, 2011, or 2012 average AGI compliance and information disclosure.

Note: Participants are to select only the year for which program payments are requested.

E Privacy and Confidentiality Safeguards

Follow the actions described in the following table to safeguard the privacy and confidentiality of the information provided by the program participants.

IF program participants are required to...	THEN FSA personnel are required to...
complete CCC-931, as: <ul style="list-style-type: none"> • an individual • a legal entity • a member of a legal entity or joint operation 	<ul style="list-style-type: none"> • accept all CCC-931's for program participants • review CCC-931's for: <ul style="list-style-type: none"> • complete name • correct address • TIN • year selection • signature and related authorities • signature date.

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200 Disclosing Information (Continued)

E Privacy and Confidentiality Safeguards (Continued)

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IF program participants are required to...	THEN FSA personnel are required to...
<p>provide or mail completed CCC-931's directly to the FSA County Office or Service Center at the address specified on CCC-931</p>	<p>for all CCC-931's accepted from participants and determined:</p> <ul style="list-style-type: none"> • incorrect or incomplete: <ul style="list-style-type: none"> • return CCC-931 to the participants • assist the participants to correctly complete CCC-931 • correct: <ul style="list-style-type: none"> • make and retain a copy of CCC-931's for producer eligibility files • collect and bundle all CCC-931's accepted as correct • complete and include IRS-3210 • send bundles on a regular basis to IRS at the address specified on IRS-3210 <p>Note: See Exhibit 8 for an example of a completed IRS-3210.</p> <ul style="list-style-type: none"> • follow procedures for mailing or sending PII.
<p>coordinate the annual filing of CCC-931 with the filing of an application or a request for payments and benefits under all programs subject to the average AGI limitations</p>	<p>coordinate the sending of CCC-931's to IRS with the actions of recording the average AGI certification values from the participant's CCC-931's in the web-based eligibility files.</p>

--*

200 Disclosing Information (Continued)***--F CCC-929 and CCC-931 Availability**

Blank CCC-929 and CCC-931 will be available:

- to all participants of 2009, 2010, 2011, or 2012 programs subject to AGI compliance
- at each FSA Service Center
- online at <http://intranet.fsa.usda.gov>.

G Incomplete or Illegible CCC-931's

All CCC-931's received and considered unacceptable by IRS will:

- be returned to the FSA Service Center from which CCC-931 was sent
- include a letter of explanation
- include the requirement to submit a new, completed CCC-931.

Note: See Exhibit 13 for the IRS letter of explanation.

FSA Service Center personnel will contact the producer to:

- explain the reasons for rejection
- assist the producer in correctly completing and submitting to FSA a correct CCC-931.

H Failure to Submit Completed CCC-931's

Participants that choose **not** to submit a completed CCC-931 will be:

- determined noncompliant with the AGI limitations for the 2009, 2010, 2011, or 2012 crop, program, and FY's
- determined ineligible for program benefits for the year or years that benefits were requested
- required to refund **all** 2009, 2010, 2011, or 2012 payments received under the--* programs, subject to the average AGI limitations.

* * *

*--201 CCC-929, Average Adjusted Gross Income (AGI) Supplemental

A Explanation of Average AGI Verification Process

CCC-929:

- must be provided with CCC-931's
- serves to inform all program participants about the average AGI certification and verification process.

B Example of CCC-929

The following is an example of CCC-929.

<p>This form is available electronically.</p> <p>CCC-929 (09-22-11)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p>AVERAGE ADJUSTED GROSS INCOME (AGI) SUPPLEMENTAL</p>
<p>- Why is it necessary to certify and verify compliance with the average AGI limitations?</p> <p>The Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) provides that individuals and legal entities with average AGI in excess of a specified average AGI limitation are ineligible for payments subject to that limitation. In general, the limitations are: \$500,000 average nonfarm AGI for commodity programs; \$750,000 average farm AGI for direct payments under the Direct and Counter-cyclical Program or ACRE program; and \$1 million average nonfarm AGI for conservation programs.</p> <p>All direct and indirect recipients of commodity or conservation program payments are required to complete the CCC-931, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information. The U.S. Government Accountability Office (GAO) concluded in a recent report that, without an adequate verification process, USDA could not ensure payments were only being made to eligible recipients.</p>	
<p>- What process has been developed to verify average AGI?</p> <p>USDA has worked with the Internal Revenue Service to develop an electronic information exchange process strictly for the purpose of average AGI verification. This process electronically looks at certain line items on tax returns filed for the applicable three-year period; performs a series of calculations to arrive at the average amounts; and then compares these values to the average AGI limitations. USDA receives the results of these comparisons with indicators of whether the participant appears to exceed or not exceed the average AGI limitation amounts. No actual tax data will be included. USDA county office personnel will not view tax return information at any time during this process.</p>	
<p>- Will there be an opportunity to provide additional information or possible explanation and appeal if the results show that it appears one or more of the average AGI limitations have been exceeded?</p> <p>As part of the review and evaluation process, participants will be afforded the opportunity to provide tax returns and other information in explanation of the AGI certification. All written notifications of AGI compliance determinations will include explanations and the appropriate appeal rights. If necessary, the cases that appear to exceed the average AGI limitations will be reviewed and evaluated by FSA State office and/or headquarters personnel. The cases will not be reviewed by personnel from the local FSA office.</p>	
<p>- What is required for USDA to verify the average AGI certification?</p> <p>IRS requires written consent from the individual or legal entity to provide USDA verification of the average AGI for that individual or legal entity. This written consent is provided by using the form CCC-931, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information. The CCC-931 form allows the selection of 2009, 2010, 2011, or 2012. Selection of "2009" on the form authorizes IRS to perform the average AGI calculations for the 2005, 2006, and 2007 tax years. Selection of "2010" on the form authorizes IRS to perform the average AGI calculations for the 2006, 2007 and 2008 tax years. Selection of "2011" on the form authorizes IRS to perform the average AGI calculations for the 2007, 2008 and 2009 tax years. Selection of "2012" on the form authorizes IRS to perform the average AGI calculations for the 2008, 2009 and 2010 tax years. The CCC-931 must be completed for the same year an individual or legal entity requested payments or benefits under programs subject to the AGI limitations.</p>	
<p>- When must the applicant certification and consent form be completed and where does it go?</p> <p>Timeliness is essential in order to avoid any delays in the issuance of program payments and the possibility of refunding program payments. It is recommended that the CCC-931 be completed at the same time as an application or request for program benefits is submitted. The completed and signed CCC-931 should be mailed or returned directly to the local FSA office or USDA Service Center. Authorized FSA personnel will record the average AGI certification and forward the CCC-931 to the IRS for completion of the verification process.</p>	
<p>- What if the certification and consent form is not completed and returned to FSA?</p> <p>Failure to provide the certification and consent form may require refund of applicable payments received from FSA and NRCS.</p>	
<p>- Will any other USDA agency other than FSA be provided knowledge of this information returned from the IRS?</p> <p>NRCS will be the only other USDA agency that will have knowledge of this information since conservation programs administered by NRCS are subject to the \$1 million average nonfarm AGI limitation for conservation programs.</p>	
<p>- Will IRS be able to utilize the information for any other purposes and can it be disclosed to any persons or organizations outside of the Government?</p> <p>IRS will only use this information for this specified purpose. The information utilized for AGI compliance and verification purposes is not subject to disclosure under the Freedom of Information Act (FOIA). Furthermore, IRS and USDA are the only Federal, State, Local government agencies, Tribal agencies, or nongovernmental entities allowed by statute, regulation, or Routine Use to gain any measure of access to the information collected by the CCC-931. And, IRS and USDA access to the information collection is highly limited, extending only to that access required by the specified purpose.</p>	

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202 Review and Validation Process

A IRS Calculations and Comparisons

--For each participant who submits a completed CCC-931, IRS will:--

- match participant's supplied information with IRS tax records and filings
- perform a series of calculations to determine AGI and average AGI amounts for the applicable 3-year periods
- compare calculated amounts to established average AGI limitation amounts
- report the results of the data-matching and calculations to FSA on a regular basis.

B IRS Results Reported to FSA

IRS provides results to FSA indicating the following information:

- whether or not the participant appears to meet 1 or more of the average AGI limitations
- number of years in the applicable 3-year period that tax data was available for the participant and used in the calculations
- IRS forms series on file and used in the data comparison for each participant.

IRS does **not** provide to FSA the following:

- dollar amounts representing the participant's farm or nonfarm income
- AGI or average AGI amounts calculated and used in the comparisons
- a determination whether or not the participant is eligible or ineligible for payments under program that are subject to average AGI compliance.

C Receipt and Storage of Data From IRS

The information transferred from IRS to FSA is:

- received and stored in a secure database
- only accessible by authorized personnel
- used only in the AGI verification process
- **not** releasable under FOIA
- **not** available for any other purposes or uses.

202 Review and Validation Process (Continued)

D Using Data Received From IRS

The data received from IRS will be:

- validated with SCIMS and producer eligibility records
- the foundation of reports to be used for AGI compliance verification purposes.

* * *

203 Average AGI Compliance Reports

A Reports

The average AGI compliance reports will identify program participants with the following:

- no data return from IRS
- average AGI amounts that exceed the threshold levels
- average AGI amounts at or below the threshold levels
- no matching records on file with IRS.

B Responsibility for Reports and Associated Mailings of Notifications

All AGI compliance reports and associated mailings of notifications to affected producers will be completed by National and Kansas City Offices.

State Offices and NRCS will be provided a copy of the list of producers:

- identified on the applicable report
- sent the appropriate written notification for any required follow-up actions.

--203.4 Reconciliation Process of Participants and CCC-931*A Reconciliation Report**

A report will be completed to identify program participants who have received 2009, 2010, 2011, or 2012 program payments, and:

- no data has been received from IRS
- no matching records are found on file with IRS.

B Producers Identified for 2009, 2010, 2011, or 2012

Persons and legal entities identified on the report in subparagraph A will receive written notice:

- on where and how to obtain CCC-931
- of the requirement to timely complete and submit CCC-931 to ensure that program--* payments will **not** be interrupted
- that refund of program payments will be initiated if no data is returned from IRS within 30 calendar days.

Note: County Offices and NRCS will be provided a copy of this list of producers.

***--C Persons and Legal Entities Identified for 2012**

For 2012 crop, program, and FY's, County Offices are instructed to:

- coordinate recording the average AGI certification values for 2012 in the web-based eligibility files with the mailing of completed CCC-931's to IRS
- periodically run the County Eligibility Report for AGI according to 3-PL (Rev. 1), subparagraph 306 I
- select field, "**Not Filed**" to generate a list of every individual and legal entity in the web-based eligibility system, "AGI" section that has not filed CCC-931 for 2012 payment eligibility purposes.

For all persons and legal entities identified through the County Eligibility Report for 2012, follow instructions in subparagraph B.--*

--203.5 Average AGI Amounts Are Above Threshold Levels*A Average AGI Above Limitations**

A report will list participants with indicators that average AGI amounts exceed the limitations for:

- commodity, price support, and disaster assistance programs
- conservations programs.

B Producers Identified

Persons and legal entities identified on this report will be 1 of the following:

- notified in writing by the reviewing authority of the results of the IRS data analysis
- required to provide within 30 calendar days of notification to the reviewing authority:
 - a third party verification from a certified public accountant or an attorney that demonstrates that average AGI does **not** exceed established limits
 - actual tax records for the years in question to demonstrate that average AGI does **not** exceed the established limits.

203.6 Average AGI Amounts at or Below Threshold Levels**A Average AGI Within Limitations**

A report will list participants with indicators that average AGI amounts are within the limitations for all programs.

No further actions will be required of:

- participants identified for the applicable crop, program, and FY
- County Offices in regard to eligibility files of identified participants for the applicable crop, program, and FY.--*

203.7 FSA Review and Compliance Determinations

A Review of Questionable Average AGI Certifications Identified Through Using IRS Data

The reviewing authority will:

- **not** be the local FSA office staff or COC
- review tax data or other information supplied by the participant
- if necessary, calculate the average AGI values based on supplied information
- confer with the participant if questions arise in this process
- determine AGI compliance for the participant
- provide results and conclusions of the review * * *.

B Determination of Participant's Compliance With Average AGI

*--The National Office will:

- issue written notice of determination, adverse or otherwise, to the participant
- include appeal rights to either DAFP or assignee, or NAD.--*

Note: County Offices and NRCS will be informed of the determinations.

***--203.8 Payment Refunds and Collections**

A Participant Fails to Timely Act or Is Determined AGI Noncompliant

If a person or legal entity fails to timely respond to written notices on AGI compliance requirements, or has been determined noncompliant with the applicable AGI limitations, all payment refund determinations and collection efforts will be initiated by:

- NRCS for all payments under programs it administers subject to this AGI compliance determination
- FSA for all payments under programs it administers subject to this AGI compliance determination.

B FSA and NRCS Responsibilities

Each Agency will be responsible for all follow-up actions as required under the following:

- respective program procedures for payment refunds
- DCIA.--*

204 Notification Letters for AGI Compliance

A Example Notification Letters

Use the example notification letters in subparagraphs B through G as guides when notifying individuals and legal entities of average AGI limitation requirements.

B Example 1 of Notification Letters for an Individual

--The following is an example of a notification letter for an individual when CCC-931 is-- needed.

<p>(Date)</p> <p>Producer Name Address 1 Address 2</p> <p>Dear Producer:</p> <p>The Farm Service Agency and the IRS are working together to strengthen farm programs and ensure that producers who depend on these programs will have future access to available funding.</p> <p>As part of this effort, all producers who have requested payments from any farm program — directly or indirectly — are required to provide written consent to authorize the IRS to review data and perform calculations to determine if their average adjusted gross income (AGI) exceeds limitation amounts outlined in the 2008 Farm Bill.</p> <p>Initially, when you requested to receive 20XX program benefits from the Farm Service Agency, you completed the “Average Adjusted Gross Income Statement” form, which authorizes the Commodity Credit Corporation (CCC) to verify your AGI with the IRS.</p> <p>An additional form is needed to provide written consent to allow the IRS to average your AGI for the three applicable tax years and provide CCC information about whether or not your AGI exceeds the required limit. Written consent can be provided by completing the attached “Consent to Disclosure of Tax Information-Individual” form. <u>The form must be completed and mailed to the IRS no later than Month xx, 20XX.</u></p> <p>The AGI provision was implemented to ensure that farm program benefits are issued to producers who meet the income limit. The AGI limits are:</p> <ul style="list-style-type: none"> • \$500,000 nonfarm AGI in order to receive commodity, price support or disaster program benefits; • \$750,000 farm AGI in order to receive direct payments under the direct and counter-cyclical program, or ACRE program; and • \$1 million nonfarm AGI for conservation benefits. <p>FSA and IRS formed a partnership earlier this year to develop an electronic information exchange process solely for AGI verification. The process maintains the confidentiality and privacy of tax information while providing CCC information needed to verify and validate the average AGI certification.</p> <p>If the results of the process indicate that your AGI exceeds the limit, then FSA will further examine the certification and offer an opportunity for you to provide additional information or explanation to assist in the review.</p> <p>To avoid any delay or interruption in the receipt of program payments and benefits, complete the attached consent and mail it directly to the IRS at the address listed <u>no later than Month xx, 20xx.</u></p> <p><u>DO NOT RETURN THIS COMPLETED FORM TO YOUR LOCAL FSA OFFICE.</u></p> <p>Thank you for your cooperation.</p>

204 Notification Letters for AGI Compliance (Continued)

E Example 1 of Notification Letters for a Legal Entity

--The following is an example of a notification letter for a legal entity when CCC-931 is-- needed.

<p>(Date)</p> <p>Legal Entity Name Address 1 Address 2</p> <p>Dear _____:</p> <p>The Farm Service Agency and the IRS are working together to strengthen farm programs and ensure that those who depend on these programs will have future access to available funding.</p> <p>As part of this effort, all legal entities that have requested payments from any farm program — directly or indirectly — are required to provide written consent to authorize the IRS to review data and perform calculations to determine if the average adjusted gross income (AGI) exceeds limitation amounts outlined in the 2008 Farm Bill.</p> <p>Initially, when payments were requested by [<i>legal entity's name</i>] for 20XX Farm Service Agency program benefits, a representative completed the "Average Adjusted Gross Income Statement" form, which authorized the Commodity Credit Corporation (CCC) to verify the entity's AGI with the IRS.</p> <p>An additional form is needed to provide written consent to allow the IRS to average [<i>legal entity's name</i>] AGI for the three applicable tax years and provide CCC information about whether or not the AGI exceeds the required limit. Written consent can be provided by completing the attached "Consent to Disclosure of Tax Information-Legal Entity" form. <u>The form must be completed and mailed to the IRS no later than Month xx, 20XX.</u></p> <p>The AGI provision was implemented to ensure that farm program benefits are issued to entities that meet the income limit. The AGI limits are:</p> <ul style="list-style-type: none"> • \$500,000 nonfarm AGI in order to receive commodity, price support or disaster program benefits; • \$750,000 farm AGI in order to receive direct payments under the direct and counter-cyclical program, or ACRE program; and • \$1 million nonfarm AGI for conservation benefits. <p>FSA and IRS formed a partnership earlier this year to develop an electronic information exchange process solely for AGI verification. The process maintains the confidentiality and privacy of tax information while providing CCC information needed to verify and validate the average AGI certification.</p> <p>If the results of the process indicate that [<i>legal entity's name</i>] AGI exceeds the limit, then FSA will further examine the certification and offer an opportunity for representatives to provide additional information or explanation to assist in the review.</p> <p>To avoid any delay or interruption in the receipt of program payments and benefits, complete the attached consent and mail it directly to the IRS at the address listed <u>no later than Month xx, 20xx.</u></p> <p><i>DO NOT RETURN THIS COMPLETED FORM TO YOUR LOCAL FSA OFFICE.</i></p> <p>Thank you for your cooperation.</p>

***--204 Notification Letters for AGI Compliance (Continued)**

F Example 2 of Notification Letters for a Legal Entity

The following is an example of a notification letter for a legal entity. Indications are average AGI limitations exceeded and additional information is requested for FSA review.

(Date)

Legal Entity Name
 Address 1
 Address 2

Dear _____:

In an effort to strengthen the integrity and defensibility of USDA Farm Service Agency programs, legal entities that request payments from any farm program — directly or indirectly — are subject to the adjusted gross income (AGI) provisions, which authorizes the IRS to review data and perform calculations to determine if the entity's average adjusted gross income (AGI) exceeds limitation amounts outlined in the 2008 Farm Bill.

Based on our records, a representative provided written consent allowing the IRS to average [*legal entity's name*] AGI for the three applicable tax years and to provide the Commodity Credit Corporation (CCC) information about whether or not the AGI exceeds limitation amounts.

The information received from the IRS indicates that for 2009 program payment eligibility purposes, [*legal entity's name*] average AGI:

_____ exceeds the \$500,000 nonfarm AGI limitation for receive commodity, price support or disaster program benefits

_____ exceeds the \$750,000 farm AGI limitation for direct payments under the direct and counter-cyclical program, or ACRE program

_____ exceeds the \$1 million nonfarm AGI limitation for conservation benefits

FSA will continue to examine AGI certification for eligibility purposes; however, additional information is needed to assist in the review. Please provide one of the following: 1) a signed statement from a CPA or an attorney that verifies that the average AGI did not exceed the applicable AGI limitations; or 2) copies of the complete tax returns that were filed with the IRS for the three years _____, _____, and _____.

To avoid any delay or interruption in program payments and benefits, all requested information must be provided to FSA no later than 30 days from the date of this letter. Information should be mailed to:

Any State FSA Office
 c/o Ms. Or Mr. Payment limitation specialist
 1111 Main Avenue
 Big town, ST 20202

Failure to respond to this notice will result in a determination of ineligibility for all 20XX program benefits.

Thank you for your cooperation.

Ms. or Mr. State Executive Director, or designee

--*

442 State Office Action for Submitting CCC-902EYR

A Overview

To assess the overall effectiveness of the end-of-year reviews, one CCC-902EYR summarizing results of County Office reviews conducted is **required**.

B Preparing Summary CCC-902EYR

State Offices shall do the following.

Step	Action
1	Review County Office CCC-902EYR's.
2	Use CCC-902EYR to summarize totals of County Office CCC-902EYR, items 5, 6, and 7.
3	Attach a copy of the County Office CCC-902EYR's to the State Office CCC-902EYR.
4	Send the State Office CCC-902EYR to PECD. *-- Notes: Include all CCC-900-5's and the notification of determination for all completed reviews.--* Negative reports are required.

C Example of CCC-902EYR

See subparagraph 441 E for an example of CCC-902EYR.

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026A	Supplemental to AD-1026		34
CCC-502	Farm Operation Plan for Payment Eligibility Review for _____		Ex. 10
CCC-509	2009-2012 Direct and Counter-Cyclical Program Contract		3, 119, 157
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		Ex. 10
CCC-580	Milk Income Loss Contract (MILC)		186
CCC-900-1	Payment Eligibility/Limitation Selection, Notification, and Information Collection Checklist 1	421	
CCC-900-2	Payment Eligibility/Limitation Documents Received From Producer Checklist 2	421	
CCC-900-3	Payment Eligibility/Limitation Contribution Worksheet	421	
CCC-900-4	Payment Eligibility/Limitation Substantive Change and Other Determinations Worksheet	421	
CCC-900-5	Payment Eligibility/Limitation Summary of Findings and Recommendations	421	
CCC-901	Member's Information - 2009 and Subsequent Years	99	Text
CCC-902 Automated	Farming Operation Plan for Payment Eligibility - 2009 and Subsequent Program Years	130.5	
CCC-902 Continuation	Continuation Sheet for Leased or Owned Land (Attach to Form CCC-902I or CCC-902E)	140	Text, Ex. 10
CCC-902E	Farm Operating Plan for an Entity - 2009 and Subsequent Program Years	120, 122, 140, 149, 158, 170	Text, Ex. 10
CCC-902E Continuation	Continuation Sheet for Farm Operating Plan for an Entity - 2009 and Subsequent Program Years	141	34
CCC-902EYR	End-of-Year Report of payment Limitation Review	441	
CCC-902I	Farm Operating Plan for an Individual - 2009 and Subsequent Program Years	130	Text, Ex. 10

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-902I Short Form	Farm Operating Plan for an Individual - 2009 and Subsequent Program Years	131	34, 74
CCC-902I Automated (Short Form)	Farm Operating Plan for an Individual - 2009 and Subsequent Program Years	132	
CCC-903	Worksheet for Payment Eligibility and Payment Limitation Determinations	207	33, 109
CCC-926 <u>1/</u>	Average Adjusted Gross Income (AGI) Statement		31, 32, 119, Ex. 10, 14
CCC-927 <u>1/</u>	Consent to Disclosure of Tax Information - Individual		Ex. 11-13
CCC-928 <u>1/</u>	Consent to Disclosure of Tax Information - Legal Entity		Ex. 11-13
CCC-929	Average Adjusted Gross Income (AGI) Supplemental	201	199, 200
CCC-931	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information	198	Text, Ex. 10, 12
CRP-1	Conservation Reserve Program Contract		13, 187, 190, Ex. 10
FSA-211	Power of Attorney		189
I-151 <u>1/</u>	Alien Registration Receipt Card		107
I-551	Permanent Resident Card/Resident Alien Card	107	108, 120, Ex. 2
IRS-990	Return of Organizations Exempt From Income Tax		97
IRS-990-T	Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))		191
IRS-1041	U.S. Income Tax Return for Estates and Trusts		191
IRS-1040	U.S. Individual Income Tax Return		191
IRS-1065	U.S. Return of Partnership Income		191
IRS-1120	U.S. Income Tax Return for an S Corporation		191
IRS-1120S	U.S. Income Tax Return for an S Corporation		191
IRS-3210	Document Transmittal	Ex. 8	200

1/ Form is obsolete.

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

Abbreviations Not Listed in 1-CM

The following abbreviations are **not** listed in 1-CM.

Approved Abbreviation	Term	Reference
AMA	Agriculture Management Assistance	11, 187
AWEP	Agricultural Water Enhancement Program	11, 187
CBWP	Chesapeake Bay Watershed Program	11, 187
CCPI	Cooperative Conservation Partnership Initiative	11, 187
CPA	Certified Public Accountant	189, 200, 204
CSTP	Conservation Stewardship Program	11, 14, 187
EIN	employer identification number	136, 156, 168, 200
ELAP	Emergency Assistance Program for Livestock, Honey Bees, and Farm-raised Fish	11, 14, 186, 187
FRPP	Farm and Ranchland Protection Program	11, 187
IRA	individual retirement account	167
LLP	limited liability partnership	34, 52, 147, 148, 149, 191
LP	limited partnership	34, 52, 120, 147, 148, 149, 191, Ex. 2
MLG	marketing loan gain	3, 11, 12, 14, 186
SURE	Supplemental Revenue Assistance Payments Program	1, 11, 14, 186, 187
TAAF	Trade Adjustment Assistance for Farmers	14, 34, 187
WHIP	Wildlife Habitat Incentives Program	11, 14, 187

Redelegations of Authority

This table lists redelegations of authority in this handbook.

Redelegation	Reference
Making Determination Decisions	216
Monitoring Determinations	216

Definitions of Terms Used in This Handbook (Continued)

Embedded Legal Entity

Embedded legal entity means an entity that has an interest, directly or indirectly, as a stockholder, member, beneficiary, or heir, in another entity that is earning payments.

Equipment

For payment limitation purposes, equipment means the machinery and implements used by the farming operation to conduct activities of the farming operation.

This includes:

- machinery and implements for:
 - land preparation, planting, cultivating, or harvesting of the crops involved
 - establishing and maintaining conservation cover crops or conservation use of acreages
 - conducting livestock operations
- irrigation equipment that is:
 - **not** of a permanent nature
 - commonly used in the area.

Definitions of Terms Used in This Handbook (Continued)

Family Member

Family member means a person to whom another member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage.

The term family member shall include:

- great grandparent
- grandparent
- parent
- child, including legally adopted children and stepchildren
- grandchild
- great grandchild
- sibling of the family members in the farming operation
- spouse of family members.

Farming Operation

Farming operation means a business enterprise engaged in production of agricultural products, commodities, or livestock, operated by a person, legal entity, or joint operation that is eligible to receive payments, directly or indirectly, under 1 or more programs specified in § 1400.1. A person or legal entity may have more than 1 farming operation if this person or legal entity is a member of 1 or more joint operations.

Foreign Entity

Foreign entity means a corporation, trust, estate, or other similar organization, that has more than 10 percent of its beneficial interest held by individuals who are **not**:

- citizens of the U.S.
- lawful alien possessing a valid Permanent Resident Card or Resident Alien Card (Form I-551).

Foreign Person

Foreign person means someone who is **not** a:

- citizen of the U.S.
- lawful alien possessing a valid Permanent Resident Card or Resident Alien Card (Form I-551).

Definitions of Terms Used in This Handbook (Continued)

***--General Partnership**

General partnership means:

- comprised of 2 or more persons or legal entities
- formed under State law
- subject to the terms of a formalized agreement
- identified with EIN.--*

Income From Farming, Ranching, or Forestry Operations

Income from farming, ranching or forestry operations means income derived from producing crops, livestock, or unfinished raw forestry products.

Indian Tribe

Indian tribe means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional corporation as defined in or established under the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the U.S. because of their status as Indian.

Joint Operation

*--Joint operation means a general partnership or joint venture, whose members are jointly and severally liable for the obligations of the organization, in which 2 or more individuals or entities pool their resources, such as land, labor, capital, management, and equipment, to conduct the farming operation for a common purpose, sharing the profits and losses.

Joint Venture

Joint venture means a short-term association of persons or legal entities, where the association exists without an actual partnership or corporate designation.--*

Definitions of Terms Used in This Handbook (Continued)**Land**

For payment limitation purposes, land means farmland consisting of cropland, pastureland, wetland, or rangeland that meets the specific requirements of the applicable program.

“Left-Hand” Contribution

“Left-hand” contribution to the farming operation means 1 or a combination of the following:

- capital
- land
- equipment.

Legal Entity

Legal entity means an entity created under Federal or State law that owns land or an agricultural commodity, product, or livestock.

Limited Partnership (LP)

For payment limitation purposes, LP means LP has both of the following:

- at least 1 general partner entrusted with managing and controlling the partnership’s business
- at least 1 limited partner.

Minor Child

Minor child means a person that is **not** 18 years of age on or before April 1 of the current year.

Note: Court action conferring majority on such person does **not** change this person’s status as a minor child.

Person

Person means a natural person (individual) and does **not** include a legal entity.

Note: A cooperative association of producers that market commodities shall **not** be considered the person, and payments and benefits thereby limited for the commodities marketed for the producers.

Impact of Food, Conservation, and Energy Act of 2008 on CRP-1 Payment Eligibility and Payment Limitation

Type of Action	Date Action Was Approved		Applicable Payment Eligibility/Limitation Rules	Forms	Example
	10/1/02 Through 9/30/08	10/1/08 or Later			
New CRP-1	✓		Based on original CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.	CCC-502 CCC-526	COC approves original CRP-1 after October 1, 2002.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	✓	✓	Based on original CRP-1 Effective Date: Person, AEIF, Permitted Entity (AGI Not Applicable).	CCC-502	New producer succeeds to a 1999 CRP-1 approved July 1, 2004. According to 1-PL, AGI rules do not apply for CRP-1 with an effective date before October 1, 2002; therefore, AGI rules will not apply to the successor.
Succession-in-Interest (When CRP-1 was subject to AGI before succession.)	✓	✓	Based on the CRP-1 succession Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.	CCC-502 CCC-526	New producer succeeds to a 2004 CRP-1, effective August 1, 2009. (1-PL rules apply for life of CRP-1 based on the original October 1, 2003, effective date.)
	Before 12/29/06				
REX Extension (When CRP-1 was not previously subject to AGI.)	✓		Based on CRP-1 Extended Period Start Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.	CCC-502 CCC-526	COC approves a 3-year extension to a 1997 CRP-1 on November 16, 2006. Effective date of the extension is October 1, 2007. (CRP-1F Addendum activates AGI from the CRP-1 extended period.)
REX Re-Enrollment (Created new CRP-1 subject to AGI.)	✓		Based on the re-enrollment CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI	CCC-502 CCC-526	COC approves a re-enrollment (new CRP-1) for a 2000 CRP-1 on December 5, 2006. Effective date for the re-enrollment is October 1, 2010. (1-PL rules will apply based on the approval date before October 1, 2008.)
New CRP-1		✓	Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI.	CCC-901 *--CCC-926 or CCC-931	COC approves original CRP-1 after October 1, 2008.
Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.)		✓	Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI.	CCC-901 CCC-926 or CCC-931--*	New producer succeeds to a 2009 CRP-1, effective August 1, 2011.

Impact of Food, Conservation, and Energy Act of 2008 on CRP-1 Payment Eligibility and Payment Limitation (Continued)

Type of Action	Applicable Payment Eligibility/Limitation Rules	Forms	Example
Action Approved 10/1/02 thru 9/30/08			
New CRP-1	Based on CRP-1 Effective Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI	CCC-502 CCC-526	New CRP-1 is approved September 10, 2008. New producer succeeds to a 1999 CRP-1, effective July 1, 2008.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	Based on the parent CRP-1 Effective Date: Person, AEIF, Permitted Entity (Not \$2.5 Million AGI).		
Succession-in-Interest (When CRP-1 was subject to AGI before succession.)	Based on the parent CRP-1 Effective Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI		New producer succeeds to a 2004 CRP-1, effective August 1, 2008.
REX Extension (When CRP-1 was not previously subject to AGI.)	Based on the Extended Period Start Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI		COC approves a 3-year extension to a 2000 CRP-1 on November 16, 2006. Effective date of the extension is October 1, 2010.
Re-Enrollment (New CRP-1 subject to AGI.)	Based on the re-enrollment CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.		COC approves a re-enrollment (new CRP-1) on December 5, 2006. Effective date for the re-enrollment is October 1, 2009.
Action Approved 10/1/08 or Later			
New CRP-1	Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI	CCC-901 *--CCC-926 or CCC-931--*	New CRP-1 is approved on December 12, 2009.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	Based on the original CRP-1 Approval Date: Person, AEIF, Permitted Entity (Not \$2.5 Million AGI).	CCC-502 CCC-526 or CCC-526C	New producer succeeds to a 2001 CRP-1, approved December 10, 2008.
Succession-in-Interest (When CRP-1 was subject to AGI before succession.) REX Extension during the extended period.	Based on CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI	CCC-502 CCC-526 or CCC-526C	New producer succeeds to a 2006 CRP-1, approved June 10, 2009.
Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.)	Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI.	CCC-901 *--CCC-926 or CCC-931--*	New producer succeeds to a 2009 CRP-1 effective August 31, 2010.

2011 and 2012 Schedule for Average AGI Compliance Actions

Follow this table for the 2011 and 2012 schedule for average AGI compliance actions.

Date	Action	Process
June 1	*--Deadline for submitting CCC-927, CCC-928, or CCC-931--* to IRS.	
July 1	Reconciliation of data returned from IRS and 2011/2012 payment recipients.	Match by ID number the data returned from IRS with sub-files with “Y” in the “Average AGI” field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS.
July 15	First notice of no data returns from IRS. Provide 30 calendar *--days to submit CCC-927, CCC-928, or CCC-931 to IRS.--*	Notice generated and mailed from KC.
August 15	<p>Second notice of no data returns from IRS. Provide 30 calendar days to submit information to correct condition; otherwise, will be determined ineligible for 2011 and/or 2012 program payments and benefits subject to average AGI compliance.</p> <p>First notice of questionable average AGI compliance based on data returned from IRS. Provide 30 calendar days to submit information that demonstrates compliance with the applicable average AGI limitations; otherwise, will be determined ineligible for 2011 and/or 2012 program payments and benefits subject to average AGI compliance.</p>	<p>Match by ID number the data returned from IRS with sub-files with “Y” in the “Average AGI” field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS. Notice generated and mailed from KC.</p> <p>Compare sub-files with “Y” in the “Average AGI” field for 2011 and/or 2012 with the data returned from IRS for the names and ID numbers with indicators of questionable average AGI compliance. Provide results by State and county codes. Once list is provided to each State, notice will be issued from State Offices.</p>
September 15	No data returns from IRS or no additional information was timely provided. Send written notice of ineligibility for 2011 and/or 2012 program payments and benefits because of average AGI noncompliance. Include appeal rights according to 1-APP.	<p>Match by ID number the data returned from IRS with sub-files with “Y” in the “Average AGI” field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS. Provide lists to each State Office.</p> <p>State Offices issue notice of determination.</p>
September 15	Sub-files changed to reflect status of ineligibility for 2011 and/or 2012 program payments and benefits because of average AGI noncompliance.	State Offices notify control/recording County Offices of the determinations. Control/recording County Offices shall take appropriate actions.
October 1	Final DCP and ACRE payments.	
October 1	CRP annual rental payments.	

