

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Payment Limitation, Payment Eligibility,
and Average Adjusted Gross Income
6-PL**

Amendment 5

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 17 H has been added to provide State Office specialist responsibilities for conducting annual compliance reviews of CPA and Attorney Average AGI Certification Statements.

Paragraph 473.5 has been added to provide policy and procedure for required compliance reviews of CPA and Attorney Average AGI Certification Statements.

Paragraph 473.6 has been added to provide policy and procedure for using the CSCRT System for tracking CPA and Attorney Average AGI Certification Statement Reviews.

Subparagraph 485 C has been amended to add instructions for STO Specialist to complete CCC-770 CSCR and create a compliance review file for each completed CPA and Attorney Average AGI Certification Statement Review.

Subparagraph 488 A has been amended to provide references to example letters for use during completion of CPA and Attorney Average AGI Certification Statement Reviews.

Subparagraphs 488 H through L have been added to provide example letters for use during completion of CPA and Attorney Average AGI Certification Statement Reviews.

Exhibit 24, subparagraphs C and D have been added to provide CCC-770 CSCR and instructions.

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17 State Office Specialist Responsibilities (Continued)

*--H CPA and Attorney Average AGI Statement Compliance Reviews

The State Office specialist must:

- follow paragraph 473.5 to conduct annual compliance reviews for selected producers
- follow paragraph 473.6 to record results of annual compliance reviews completed according to paragraph 473.5
- plan reviews to ensure completion annually by November 30
- notify applicable producers of determinations made as the result of a review
- notify designated recording county for the producer of determinations
- maintain a record of all reviews completed by the State Office.--*

18 DD Responsibilities

A Monitoring COC Determinations

DD's must monitor COC initial, end-of-year, scheme or device, and default determinations to ensure that proper and timely determinations are made.

B Annual Review Requirement

DD's must annually review 5 initial COC determinations per Service Center at the beginning of the fiscal year to ensure that COC has timely and accurately:

- made determinations for:
 - actively engaged in farming
 - cash-rent tenant provisions
 - commensurate contributions
 - significant contributions
 - substantive change rules
 - foreign person rules
- notified producers, in writing, of determinations

The annual review must include at least 2 joint operations, such as general partnerships and joint ventures.

18 DD Responsibilities (Continued)

C End-of-Year Determinations

DD's must review all cases selected for EYR to ensure that:

- cases for review were properly selected
- correct determinations were made based on documentation provided
- documentation was sufficient to support the determination
- reviews were made in a timely manner.

Note: In all cases, DD's should review **before** producer is notified of the outcome of the review.

D Scheme or Device Determinations

DD's must:

- provide assistance to COC, as appropriate
- concur with COC's determination of scheme or device **before** the producer is notified of the determination
- initial COC determination in COC minutes.

E Reporting Reviews to State Office

DD's must:

- notify the State Office on any discrepancies found during initial or EYR determinations
- notify the State Office on any scheme or device determination
- provide the State Office quarterly reports upon request.

19 COC Responsibilities

A Overview

COC's are under the general supervision and direction of the Executive Vice President, CCC and the Administrator, FSA. COC's do not have authority to modify or waive any of the provisions contained in this handbook or 7 CFR Part 1400.

B Responsibilities

COC's are responsible for timely making payment limitation and payment eligibility determinations for producers of farming operations that are consistent with the rules provided in this handbook and 7 CFR Part 1400. See Part 6 for determination requirements.

The recording county COC is responsible for making determinations and hearing appeals for a multi-county producer.

473 Average AGI Compliance Reviews (Continued)**C Notification**

Program participants selected for review must be notified in writing of the following:

- nature and reason for the review
- suggested sources and types of information most descriptive and illustrative
- established deadline to provide the information to the reviewing authority
- identity of the reviewing authority
- mailing address of the reviewing authority
- consequences of the failure to timely provide the requesting information.

D Failure to Provide Information

Failure to provide correct and accurate information, in the time prescribed in the notification letter, to establish compliance with the average AGI provisions will result in any or all of the following:

- ineligibility for all program payments and benefits subject to the average AGI requirements for the applicable years
- required refund of these program payments and program benefits
- possible prosecution under civil or criminal statutes
- record the SED determination as “Not Compliant-Review” in subsidiary, according to 3-PL (Rev. 2)

E Written Notice of Ineligibility

If requested information is **not** timely provided to the reviewing authority:

- notify the program participant of their ineligibility for payments and benefits from the applicable programs

Note: See example notification letters in paragraph 488.

- include appeal rights according to 1-APP.

--473.5 CPA/Attorney Average AGI Certification Statement Compliance Reviews*A Selecting Cases**

Compliance reviews for producers submitting CPA or attorney certification statement to satisfy average AGI provisions may be:

- initiated by COC through the STO specialist;
- initiated by STC representative; or
- selected on a nationwide basis by DAFP.

B Verifying Compliance

STO specialist with responsibility for Payment Eligibility must verify that CPA and attorney certification statements accurately reflect selected producer's AGI as reported on income tax returns and supporting documentation or other equivalent documents.

Federal income tax returns must be compared to CPA and attorney certification statements unless the selected producer did not file Federal income tax returns during the applicable three-year period.

If income tax returns were not filed, other credible information for the qualification period may be used.

The STO specialist must safeguard the confidentiality of the information provided.

Note: Ensure that information provided by program participants to verify compliance with average AGI provisions is **not** released to others or in response to requests under FOIA.

C Notification

Program participants selected for review must be notified in writing of the following:

- nature and reason for the review
- information requested
- established deadline to provide information to the reviewing authority
- identity of the reviewing authority
- mailing address of the reviewing authority
- other methods of document submission if applicable, such as email, fax, etc.
- consequences of the failure to timely provide the requested information.--*

--473.5 CPA/Attorney Average AGI Certification Statement Compliance Reviews (continued)*D Failure to Provide Information**

Failure to provide correct and accurate information, in the time prescribed in the notification letter, to verify compliance with the average AGI provisions will result in the following:

- ineligibility for all program payments and benefits subject to the average AGI requirements for the applicable years
- required refund of these program payments and program benefits
- possible prosecution under civil or criminal statutes
- recording of the SED determination as “Not Compliant-Review” in subsidiary, according to 3-PL (Rev. 2).

E Written Notice of Ineligibility

If requested information is **not** timely provided to the reviewing authority:

- notify the program participant of their ineligibility for payments and benefits from the applicable programs

Note: See example notification letters in paragraph 488.

- include appeal rights according to 1-APP.--*

473.6 CSCRT System

A CSCRT Definition and Design

CSCRT System means a web-based system:

- in which National and State users can record all findings, recommendations, and conclusions from CSCR reviews completed on selected farming operations for 2019 and subsequent years
- that provides reporting and summarization capabilities for CSCR reviews and related information recorded for the farming operations reviewed.

CSCRT System was designed for the following:

- recording and tracking, by participant/farming operation and program year, all CSCR review findings, results, and determinations
- as a data source for status reports on the completion and results of CSCR's.

B Responsibilities

DAFP and STC or COC selections and compliance review results will be tracked in the Certification Statement Compliance Review Tracking (CSCRT) System on the Payment Limitation EYR SharePoint at https://usdagcc.sharepoint.com/sites/fsa-dafp-disaster/PL_EYR/SitePages/Home.aspx.

The National Program Manager is responsible for entering the DAFP selections.

State Office Specialists with payment eligibility responsibility must enter COC and STC selections in the CSCRT System.

C Submission Date

The National Program Manager must annually establish the date by which reviews must be completed and results of the review loaded in the CSCRT System. This date will be announced in correspondence to each State Office when the DAFP selections are announced.

474 Commensurate Reductions**A Commensurate Payment Reductions**

[7 CFR 1400.503] Any payment and benefit earned by a legal entity or joint operation must be reduced by an amount that is commensurate with the direct and indirect interest of any member or shareholder who either:

- is determined to have an average AGI in excess of the limitations
- fails to timely submit a certification statement.

Ownership interest in a legal entity must be reviewed to the fourth level, if applicable, to determine applicable commensurate share reductions.

Note: If the fourth level ownership interest is **not** held by a **person**, that share is **not** eligible for payment or benefits.

B Applying Commensurate Payment Reductions

Commensurate payment and benefit reductions apply to:

- the crop year, program year, or FY
- all program payments and benefits to which average AGI applies.

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

A report will list participants with an indicator that the average AGI amount is within the limitation 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 year, program year, and FY.

485 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
- **be** SED
- review tax data or other information supplied by the person or legal entity
- if necessary, calculate the average AGI values based on supplied information
- confer with the person or legal entity if questions arise in this process
- determine AGI compliance for the person or legal entity
- provide results and conclusions of the review.

Note: SED's are delegated authority to act on initial AGI review determinations referenced in subparagraph B, after performing the review actions specified in this subparagraph.

B Determination of Person's or Legal Entity's Compliance With Average AGI

SED's will:

- issue written notice of determination, adverse or otherwise, to the person or legal entity
- include right to SED reconsideration, mediation, and appeal rights to NAD according to 1-APP
- send a copy of determinations involving NRCS participants to the State Conservationist
- follow paragraph 488 for an example notification letter for AGI compliance.

485 FSA Review and Compliance Determinations (Continued)**C AGI Compliance Review File for State Office Only**

An AGI Compliance Review File created for each person or legal entity and program year reviewed should contain the following after completing the review:

- all documentation (CPA or attorney statement, or tax information) received from the person or legal entity
- copy of the original AGI certification (CCC-941 or CPA or attorney certification)
- copy of the Average AGI Calculation Worksheet (Required only for Tax Return submissions) (subparagraph 486 E)
- copy of the written notice of determination or completion of the review sent to the person or legal entity.

Note: AGI Compliance Review Checklists (CCC-770 CPA and CCC-770 TAX) are required for the first five AGI compliance reviews, beginning October 1st of the current FY. SED's may require additional reviews at the SED's discretion. See Exhibit 24.

*--A CPA or attorney average AGI certification statement compliance review file created for each person or legal entity and program year reviewed according to paragraph 473.5 should contain the following after completing the review:

- all documentation (CPA or attorney statement, tax information, other credible documentation) received from the person or legal entity
- copy of the original AGI certification (CCC-941 and CPA or attorney certification)
- AGI Compliance Review Checklist (CCC-770 CSCR) completed and signed by the State Office specialist

Note: AGI Compliance Review Checklists (CCC-770 CSCR) are required for ALL CPA or attorney average AGI certification statement compliance reviews in addition to the first five AGI compliance review CCC-770 requirements in this subparagraph. See Exhibit 24.

- copy of the written notice of determination or completion of the review sent to the person or legal entity.--*

486 Average AGI Compliance Review Process**A Producer Notification**

Producers who are identified by IRS to exceed the AGI limitation according to paragraph 483 must be notified of their ineligibility for FSA/CCC and NRCS program benefits subject to AGI provisions. Such notification must include applicable appeal rights according to 1-APP. See paragraph 488 for sample notification letter.

486 Average AGI Compliance Review Process (Continued)**B Producer Requests for Reconsideration**

Producers may timely request reconsideration of the SED decision or appeal the SED's decision to NAD. In a request for reconsideration, the appellant must provide complete tax returns or an acceptable CPA/Attorney statement to reestablish eligibility with the average AGI provisions.

Note: A producer's failure to timely request reconsideration or appeal will result in the initial determination becoming final. The State Office Specialists must:

- set the State Office/SED Determination to "Not Compliant-Review" in Subsidiary (3-PL (Rev. 2)) to indicate the compliance review process has been completed
- notify the recording county of the results of the compliance review.

C Reviewing Documentation Provided Under Appeal

A review of average AGI compliance requires the following actions:

- collecting the copy of average AGI certification (CCC-941, or acceptable statement from CPA or attorney) submitted by the person or legal entity for the applicable year
- reviewing the complete tax returns for each of the 3-year qualification period; or acceptable financial documents if filing tax returns is not required; or an acceptable statement from CPA or attorney with all required items that illustrate and document income levels and average AGI compliance for the person or legal entity for the applicable year
- comparing both sets of information to the rules and regulations governing average AGI for payment eligibility for the applicable year subject to review
- verify the following:
 - subsidiary flags are accurately set to reflect the certification of record
 - there is a valid CCC-941 on file supporting record certification.

D Results and Findings

The results and findings of the review and evaluation are the basis to determine whether person or legal entity meets or exceeds the average AGI limitation.

Notify the producer of the appeal determination and afford applicable appeal rights.

486 Average AGI Compliance Review Process (Continued)

E Worksheet for Calculating Average \$900,000 AGI for the Applicable Year Based on the Submission of Tax Returns

Use the following worksheet to calculate the average AGI for a person or legal entity based on the submission of tax returns.

Step	Action	Result												
1	<p>Enter the total AGI for the 3 complete taxable years preceding the most immediately preceding complete taxable year of the year for which program benefits are requested.</p> <p style="text-align: right;">Specify From Where Information Was Obtained (for example, IRS Form 1040, Line 37)</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 20%;">Year</td><td style="width: 20%;">Amount</td><td style="width: 60%;"></td></tr> <tr> <td>_____</td><td>\$ _____</td><td>_____</td></tr> <tr> <td>_____</td><td>_____</td><td>_____</td></tr> <tr> <td>_____</td><td>_____</td><td>_____</td></tr> </table> <p>*--Note: See paragraph 472 for guidance.--*</p>	Year	Amount		_____	\$ _____	_____	_____	_____	_____	_____	_____	_____	
Year	Amount													
_____	\$ _____	_____												
_____	_____	_____												
_____	_____	_____												
2	Total the dollar amounts in step 1.	\$ _____												
3	Calculate the average AGI by dividing the result of step 2 by the number of years in step 1.	\$ _____												

F Admissions

If a person or legal entity submits a revised CCC-941, or certification is received that the person or legal entity exceeds any of the average AGI limitations for any program, do the following:

- accept the written material and keep with the file
- consider the AGI compliance review complete
- reset the applicable coverage AGI values to “producer not met” in the web-based eligibility files. See 3-PL (Rev. 2).

488 Example Letters for AGI Compliance

A Example Letters

Use the example letters in subparagraphs:

- *--B through G, as guides when notifying individuals and legal entities of average AGI limitation requirements or determinations
- H through L as guides for STO Specialists and SED's when notifying individuals and legal entities of CPA and Attorney average AGI certification statement reviews and determinations.--*

B Example of Letter When CCC-941 Is Required

The following is an example of a notification letter for a person or legal entity when CCC-941 is needed.

*--

<p><i>(Date)</i></p> <p>Person or legal entity <i>Address 1</i> <i>Address 2</i></p> <p>Dear Person or Legal entity:</p> <p>The Agricultural Act of 2014 (2014 Farm Bill) and Agriculture Improvement Act of 2018 (2018 Farm Bill) provides an average adjusted gross income (AGI) limitation of \$900,000 for participants in farm and conservation programs administered by the Farm Service Agency and the Natural Resources Conservation Service. This limitation applies to individuals, legal entities, as well as to members of legal entities, that receive payments from farm and conservation programs that include the following.</p> <p>For October 1, 2011, and subsequent years:</p> <ul style="list-style-type: none"> • Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) • Livestock Forage Assistance Program (LFP) • Livestock Indemnity Program (LIP) • Tree Assistance Program (TAP). <p>For 2014-2015 only:</p> <ul style="list-style-type: none"> • Transition Assistance for Producers of Upland Cotton (CTAP). <p>For 2014 and subsequent years:</p> <ul style="list-style-type: none"> • Price Loss Coverage (PRC) • Agricultural Risk Coverage (ARC) • Noninsured Crop Disaster Assistance Program (NAP) • Price Support including Market Loan Gain (MLG) and Loan Deficiency Payment (LDP) • Agricultural Marketing Assistance (AMA).
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488 Example Letters for AGI Compliance (Continued)

B Example of Letter When CCC-941 Is Required (Continued)

«Name»

Page 2

For 2015 and subsequent years:

- Conservation Reserve Program (CRP)
- Environmental Quality Incentive Program (EQIP)
- Conservation Stewardship Program (CSP)
- Agricultural Conservation Easement Program (ACEP)
- Conservation of Private Grazing Land Program
- Farmable Wetland Program
- Grassroots Source Water Protection Program
- Regional Conservation Partnership Program (RCPP) and other conservation programs.

Completing form CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information, allows the IRS to average your AGI for the three applicable tax years to provide FSA information on whether your average appears to meet or exceed the AGI limitation amount. Individuals, legal entities, and all members of legal entities must complete form CCC-941.

As of the date of this letter, the records indicate that you have not submitted the **required** form CCC-941. Accordingly, you are determined ineligible for *[insert applicable program year]* farm and/or conservation program benefits. A refund is required of *[insert applicable program year]* farm and/or conservation program payment benefits received. You and/or any legal entity you may have indirect payment interest in will be notified by separate letters from the administrative Agencies of FSA and NRCS, as appropriate, of refund amounts required.

If you believe that FSA has not properly determined the facts of this case regarding your **AGI ineligibility**, you may appeal this determination to the FSA County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you choose, your appeal can include submission of a completed CCC-941. If you appeal to the FSA County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the FSA County Committee, you may later appeal an adverse determination of the FSA County Committee to the FSA State Committee or the National Appeals Division. To appeal, write to the FSA County Committee at the following address and explain why you believe this determination is erroneous.

(Insert COC address.)

If you do not timely file an appeal of this determination, this must be the final administrative determination with respect to this matter in accordance with regulations at 7 CFR Part 780.

Sincerely,

County Executive Director
FSA County Office

488 Example Letters for AGI Compliance (Continued)

G Example Notification for AGI Compliance Review Completion

The following is an example for the notification of a participant following the completion of the AGI compliance review.

[Date]

[Address Block]

Dear [Name]:

The Farm Service Agency (FSA) has completed an examination of your [*insert the appropriate program year 2014 through 2018*] average Adjusted Gross Income (AGI) certification and the additional information submitted.

Based on the data available to FSA and the supplemental documents you provided, FSA has determined that you comply with the \$900,000 AGI limitation for [*insert the following, the appropriate program and the year of the program*].

Consequently, with the regard to the provisions of average AGI compliance, you are eligible for [*insert the appropriate program year 2014 through 2018*] program payments affected.

The review for [*insert the appropriate program year 2014 through 2018*] average AGI compliance is now considered complete. We appreciate your cooperation.

Sincerely,

[name]

SED

[State] FSA State Office

cc: County Office

488 Example Letters for AGI Compliance (Continued)

***--H Example Notification for CPA or Attorney Average AGI Certification Statement Review Selection**

The following is an example for the notification of a participant selected for a review of the submitted CPA or Attorney certification statement for average AGI compliance.

[Date]

[Address

Block]

Dear **[Name of Participant]**:

The Agricultural Act of 2014 (2014 Farm Bill) and Agriculture Improvement Act of 2018 (2018 Farm Bill) provides an average adjusted gross income (AGI) limitation for participants who enroll in farm and conservation programs administered by the Farm Service Agency and the Natural Resources Conservation Service. This limitation applies to individuals, legal entities, as well as to members of legal entities, that receive farm and conservation program payments.

In response to a previously initiated adjusted gross income review, you submitted a signed statement from a CPA or attorney for the program year **[insert program year]** which provided verification that your average AGI did not exceed the applicable AGI limitation. This statement was accepted by FSA as evidence of meeting payment and/or program eligibility requirements. As such, the statement is subject to review by FSA.

You have been selected for a review of your AGI certification by the Deputy Administrator for Farm Programs (DAFP). To facilitate a review of the statement supplied, please submit copies of your complete tax returns for the **[insert applicable tax years]** tax years that you submitted to the United States Internal Revenue Service (IRS), within 30 calendar days from the date of this notification to the FSA State Executive Director (SED) at:

[State Office Address Block]

Documentation may also be emailed to: **[Program Specialist Email Address]**

Following a review of the tax returns, FSA will provide written notice of the results of the review.

--*

488 Example Letters for AGI Compliance (Continued)

***--H Example Notification for CPA or Attorney Average AGI Certification Statement Review Selection (Continued)**

If you discover that your applicable certification of average AGI and/or average Farm AGI may have been in error, you may submit a signed acknowledgement that your certification was in error.

Failure to provide the requested tax returns to support your previously submitted CPA or attorney certification statement within 30 calendar days from the date of this notification will result in the Agency determining the certification is not acceptable to support your AGI compliance. As a result, you will be determined ineligible for benefits subject to AGI compliance for the **[insert program year]** program year. A refund of program payments subject to the AGI limitation which you received directly or indirectly through another entity is required. A separate letter will be sent with the required refund amount and instructions for submitting the refunds. If you earned benefits indirectly through a legal entity or joint operation, the entity or joint operations will be notified of the amount of refund that is required.

If circumstances prevent you from providing documentation to support your eligibility for this review within the 30-day timeframe, please contact this office at [xxx-xxx-xxxx], or at the email above, to request an extension.

Sincerely,

[Name]
State Executive Director

--*

488 Example Letters for AGI Compliance (Continued)

***--I Example Notification for CPA or Attorney Average AGI Certification Statement Review-Additional Information Required**

The following is an example for the notification of a participant selected for a review of the submitted CPA or Attorney certification statement for average AGI compliance when additional information is required following an initial review of supporting documentation.

[Date]

[Address

Block]

Dear [Name of Participant]:

You were previously notified that you had been selected for a review of your CPA or attorney certification used to support your compliance with adjusted gross income (AGI) provisions for the [insert program year] program year. In response, FSA received documentation to support the validity of the previously submitted CPA or attorney certification. FSA appreciates this information.

After reviewing the information submitted, FSA has identified discrepancies between income information submitted on the CPA or attorney certification and the tax returns you submitted. [Insert explanation of the noted discrepancy or discrepancies.]

Due to the discrepancies noted above, FSA is requesting an explanation of the discrepancies or, if you determine necessary, a corrected CPA or attorney certification. Please submit this within 30 calendar days from the date of this notification to the FSA State Executive Director (SED) at:

[State Office Address Block]

Documentation may also be emailed to: [Program Specialist Email Address].

If a response is not received, FSA will utilize the joint income report on your tax returns to determine your AGI compliance. If the joint income averages over \$900,000, you will be determined not compliant with adjusted gross income provisions for the year under review and ineligible for benefits subject to such compliance.

If circumstances prevent you from providing a response within the 30-day timeframe, please contact this office at [insert phone number] or through the email address provided above to request an extension.

Sincerely,

[Name]

State Executive Director

--*

488 Example Letters for AGI Compliance (Continued)

***--J Example Notification for CPA or Attorney Average AGI Certification Statement Review-Ineligible for Failing to Respond**

The following is an example for the notification of a participant selected for a review of the submitted CPA or Attorney certification statement for average AGI compliance when the participant failed to respond to a request for supporting documentation and is determined ineligible.

[Date]

[Address

Block]

Dear [Name of Participant]:

In response to a previously initiated adjusted gross income review, you submitted a signed statement from a CPA or attorney for the [insert program year] program year to support your compliance with the applicable AGI limitation. You were subsequently selected for a review of your average AGI certification by the Deputy Administrator for Farm Programs (DAFP) and asked to submit copies of your complete [insert applicable tax years] tax returns. This information was requested in for FSA to determine if the CPA or attorney certification previously provided represented your income consistent with the federal tax returns filed for the applicable tax year.

Regulations in 7 CFR, Part 1400.01 specify that adjusted gross income for a person is the adjusted gross income specified on the federal income tax return. Specifically for joint tax filers, Part 1400.01(a)(2) specifies that the AGI on jointly filed tax returns will be used to determine AGI compliance unless a certification is provided by a CPA or attorney specifying a person's income as if they would have filed a separate tax return and that calculation is consistent with information from the jointly filed returns. Since FSA was not provided the tax returns previously requested, we are unable to conclude that the CPA or attorney certification used to support your AGI compliance is consistent with your federal tax returns and therefore determined it is not an acceptable certification to support your compliance as required under 7 CFR, Part 1400.502.

As a result, FSA has determined that you have failed to provide acceptable documentation to support your AGI compliance as required by the regulation noted above. Therefore, FSA has determined you are not compliant with the \$900,000 adjusted gross income provisions for the [insert program year] program year and are ineligible for benefits subject to such AGI compliance.

A refund of program payments subject to the AGI limitation for which you received directly or indirectly through another entity is required. A separate letter will be sent with the required refund amount and instructions for submitting the refunds. If you earned benefits indirectly through a legal entity or joint operation, the entity or joint operations will be notified of the amount of refund required.

[insert SED Reconsideration, Mediation, and appeal rights to NAD]

Sincerely,

[Name]

State Executive Director

--*

488 Example Letters for AGI Compliance (Continued)

***--K Example Notification for CPA or Attorney Average AGI Certification Statement Review Completion**

The following is an example for the notification of a participant selected for a review of the submitted CPA or Attorney certification statement for average AGI compliance when the review is complete, and the participant is determined to have met the requirements.

[Date]

[Address

Block]

Dear **[Name of Participant]:**

You were previously notified that you had been selected for a review of your CPA or attorney certification used to support your compliance with adjusted gross income (AGI) provisions for the **[insert program year]** program year. In response, FSA received documentation from **[you, CPA, Attorney]** to support the validity of the previously submitted **[CPA or Attorney]** certification. FSA appreciates this information.

After reviewing the information submitted, FSA has concluded your **[CPA, Attorney]** statement meets the requirements to maintain your eligibility for program benefits previously received and potential benefits that may be forthcoming, for the **[insert program year]** program year.

This determination is based on the facts as submitted. Any unrevealed circumstances could require the application of a more restrictive rule.

Thank you for your cooperation. There is no further action on your part regarding this matter. If you have questions concerning this letter, please contact our office.

Sincerely,

[Name]

State Executive Director

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488 Example Letters for AGI Compliance (Continued)

***--L Example Notification for CPA or Attorney Average AGI Certification Statement Review Completion, Ineligible**

The following is an example for the notification of a participant selected for a review of the submitted CPA or Attorney certification statement for average AGI compliance when the review is complete, and the participant is determined not to have met the requirements.

[Date]

[Address]

Block]

Dear [Name of Participant]:

In response to a previously initiated adjusted gross income review, you submitted a signed statement from a CPA or attorney for the [insert program year] program year to support your compliance with the applicable AGI limitation. You were subsequently selected for a review of your average AGI certification by the Deputy Administrator for Farm Programs (DAFP) and submitted copies of your complete [insert applicable tax years] tax returns.

The documents you submitted have been reviewed and the following discrepancies were identified between the CPA or attorney certification and tax returns submitted:

- [list discrepancies]

Regulations in 7 CFR, Part 1400.01 specify that adjusted gross income for a person is the adjusted gross income specified on the federal income tax return. Specifically for joint tax filers, Part 1400.01(a)(2) specifies that the AGI on jointly filed tax returns will be used to determine AGI compliance unless a certification is provided by a CPA or attorney specifying a person's income as if they would have filed a separate tax return and that calculation is consistent with information from the jointly filed returns. FSA has determined that the CPA or attorney certification provided to support your compliance is not consistent with the tax returns you have provided. As a result, FSA has used the joint income on your tax returns to calculate your average AGI. This average exceeds \$900,000.

Therefore, FSA has determined you are not compliant with the \$900,000 adjusted gross income provisions for the [insert program year] program year and are ineligible for benefits subject to such AGI compliance.

A refund of program payments subject to the AGI limitation for which you received directly or indirectly through another entity is required. A separate letter will be sent with the required refund amount and instructions for submitting the refunds. If you earned benefits indirectly through a legal entity or joint operation, the entity or joint operations will be notified of the amount of refund required.

[insert SED Reconsideration, Mediation, and appeal rights to NAD]

Sincerely,

[Name]

State Executive Director

--*

--489 Special AGI Provisions*A AGI Provisions based on Farm Income**

Certain FSA programs make exceptions to the enforcement of the average AGI rule or allow for expanded payment limitation when a participant's average AGI for the applicable period is at least 75% from farming.

The following exceptions apply based on the participant's average AGI for the applicable period being 75% from farming.

Program	Farm AGI Applicability	Form
2017 WHIP	Exception to \$125,000 Payment Limitation, Increased to \$250,000	FSA-892
2018/2019 MFP	Exception to \$900,000 Average AGI Rule	CCC-942
2018/2019/2020 WHIP+	Exception to \$125,000 Payment Limitation, Increased to \$250,000	FSA-896
2020 CFAP/CFAP2	Exception to \$900,000 Average AGI Rule	CCC-942
ERP and ELRP	Exception to \$125,000 Payment Limitation, Increased to \$250,000	FSA-510

These exceptions are applicable only to the filer of the applicable form for which the exception is being sought.

Example: Corporation A, owned solely by Individual A, files an FSA-510 indicating 75% of its average AGI was from farming for expanded payment limitation for ERP. The corporation's payment limitation for ERP is increased. However, the payment limitation for Individual A is not increased unless Individual A also files an FSA-510 indicating 75% of Individual A's average AGI is from farming.

B Alternative \$900,000 AGI Rule

Certain FSA programs provide that a participant may maintain AGI eligibility when their applicable average AGI exceeds \$900,000 but their single year AGI for a specified year does not exceed \$900,000.

PARP and SMHPP provide the exception that if a participant's average AGI for program year 2020 (2016, 2017, and 2018 tax years) exceeds \$900,000, the participant may remain eligible for benefits if their 2020 tax year AGI is less than \$900,000. This certification is recorded on FSA-1123.--*

Reports, Forms, Abbreviations, and Delegations of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-672	Reimbursement or Advance of Funds Agreement		Ex. 19
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		Ex. 19
CCC-501A	Member's Information		Ex. 16
CCC-501B	Designation of "Permitted Entities"		Ex. 16
CCC-502	Farm Operation Plan for Payment Eligibility Review for _____		Ex. 16
CCC-509	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		3
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		470
CCC-526C	Payment Eligibility - Average Adjusted Gross Income Certification for Certain Conservation Reserve Program Contracts Approved Before October 1, 2008		470, Ex. 19
CCC-527	Request for Action for Subsidiary/Payment Limitation		20, 22
CCC-770 CPA	AGI Compliance Review Checklist CPA or Attorney Certification Statement	Ex. 24	485
CCC-770 CSCR	CPA or Attorney Average AGI Certification Statement Review Checklist	Ex. 24	485
CCC-770 TAX	AGI Compliance Review Checklist IRS Tax Information - Returns and Schedules	Ex. 24	485
CCC-900-1	Payment Eligibility/Limitation Selection, Notification, and Information Collection Checklist 1 (Effective for 2020 and Subsequent Years)	439	452, 453
CCC-900-2	Payment Eligibility/Limitation Documents Received From Producer Checklist 2 (Effective for 2020 and Subsequent Years)	439	452, 453
CCC-900-3	Payment Eligibility/Limitation Contribution Worksheet (Effective for 2020 and Subsequent Years)	439	452, 453
CCC-900-4	Payment Eligibility/Limitation Substantive Change and Other Determinations Worksheet (Effective for 2020 and Subsequent Years)	439	452, 453
CCC-900-5	Payment Eligibility/Limitation Summary of Findings and Recommendations (Effective for 2020 and Subsequent Years)	439	452, 453

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-901	Member's Information	113	Text, Ex. 16, 19
CCC-902	Farm Operating Plan		Text, Ex. 16, 19
Automated CCC-902	Farm Operating Plan for Payment Eligibility - 2014 and Subsequent Program Years	206, 208	63, 113
CCC-902 Continuation	Continuation Sheet for Leased or Owned Land (Attach to Form CCC-902I or CCC-902E)	224	60, 207, 225
CCC-902E	Farm Operating Plan for an Entity	224, 246, 260, 273, 288, 311, 323	Text
CCC-902E Continuation	Continuation Sheet for Farm Operating Plan for an Entity	225	63, 311
CCC-902FM	Request for Additional Farm Managers	244	240
CCC-902I	Farm Operating Plan for an Individual	205	63, 206, 207, 220
CCC-902MR	Management Activity Record	245	241, 391
CCC-902I Short Form	Farm Operating Plan for an Individual	207	63, 208, 220
CCC-903	Worksheet for Payment Eligibility and Payment Limitation Determinations	353	62, 63, 247, 338
CCC-904	Allocation of Payment Limitation Under Common Attribution		107
CCC-905	Worksheet for the Determination of Operational Complexity for Additional Farm Managers	244	240
CCC-926 ^{1/}	Average Adjusted Gross Income (AGI) Statement		470
CCC-931	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information		470, Ex. 16, 19
CCC-931C	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information (For Successors to Conservation Program Contracts and Agreements Only)		470, Ex. 16, 19

^{1/} Form is obsolete.

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-933	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information (For the 2013 crop, program, and fiscal years only.)		470, 478, Ex. 16, 19
CCC-941	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information	478	Text, Ex. 16, 19, 20, 22
CCC-942	Certification of Income From Farming, Ranching and Forestry Operations	489	
CRP-1	Conservation Reserve Program Contract		35, 468, 469, 470, Ex. 16
CRP-1F Addendum	CRP-1 Modification to Extend the Contract Expiration Date for ____ Years		Ex. 16
FSA-211	Power of Attorney		478
FSA-510	Request for an Exception to the \$125,000 Payment Limitation for Certain Programs		489
FSA-892	Request for an Exception to the 2017 WHIP Payment Limitation of \$125,000	489	
FSA-896	Request for an Exception to the WHIP+ Payment Limitation of \$125,000	489	
FSA-1123	Certification Of 2020 Adjusted Gross Income (AGI)		489
I-551	Permanent Resident Card/Resident Alien Card	335	113, 205, 207, 225, 311, 336, 337, Ex. 2
IRS Form 990	Return of Organization Exempt From Income Tax		112
IRS Form 990-T	Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))	Ex. 17	472
IRS Form 1040	U.S. Individual Income Tax Return	Ex. 17, 18	467, 468, 472, 486, 488, 489
IRS Form 1041	U.S. Income Tax Return for Estates and Trusts	Ex. 17	472
IRS Form 1065	U.S. Return of Partnership Income	Ex. 18	472, Ex. 17
IRS Form 1120	U.S. Income Tax Return for an S Corporation	Ex. 17, 18	472
IRS Form 1120S	U.S. Income Tax Return for an S Corporation	Ex. 17, 18	472
IRS Notice 1398	UD Department of Agriculture Form CCC-941 Consent to Disclosure of Tax Information - Individual and Legal Entity	Ex. 21	477
IRS Form 2848	Power of Attorney and Declaration of Representative		478

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

Forms (Continued)

Number	Title	Display Reference	Reference
IRS-3210	Document Transmittal	Ex. 20	477
IRS Form 4562	Depreciation and Authorization	Ex. 18	
IRS Form 4835	Farm Rental Income and Expenses		489

Abbreviations Not Listed in 1-CM

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

Approved Abbreviation	Term	Reference
AMA	Agricultural Management Assistance	36, 465, 466
ARC	Agricultural Risk Coverage	Text
AWEP	Agricultural Water Enhancement Program	466
CPA	Certified Public Accountant	Part 8, Ex. 24
CSP	Conservation Stewardship Program	36, 465, 466, 488
CSCR	Certification Statement Compliance Review	473.5, 473.6
CSCRT	Certification Statement Compliance Review Tracking	473.6
EIN	employer identification number	177, 220, 271, 284, 477, Ex. 2
EYR	end-of-year review	Text, Ex. 2
EYRT	end-of-year review tracking	414, 450-454, Ex. 2
IC-DISC	Interest Charge International Sales Corporation	489
IRA	individual retirement account	284, 285
LLP	limited liability partnership	3, 63, 92, 258-260, 468, 472, Ex. 17
LP	limited partnership	3, 63, 257-260, 311, 472, Ex. 2, 17
MLG	marketing loan gain	3, 465, 488
MFP	Market Facilitation Program	465, 489
PLC	Price Loss Coverage	Text

Delegations of Authority

This table lists delegations of authority in this handbook.

Delegation	Reference
Making Determination Decisions	23
Monitoring Determinations	23

AGI Compliance Review Checklists (Continued)

*--C Example of CCC-770 CSCR

The following CCC-770 CSCR will be included in the State Office CPA and Attorney Average AGI Certification Statement Review File created for each participant and program year reviewed.

CCC-770 CSCR (07-11-23)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		
CPA OR ATTORNEY AVERAGE AGI CERTIFICATION STATEMENT REVIEW CHECKLIST <i>Agricultural Improvement Act of 2018</i>		1. State Office Name		
		2. County Office Name		
		3. Producer Name		
		4. CPA or Attorney Name		
		5. Year Reviewed (<i>Check one</i>): <input type="checkbox"/> 2019 <input type="checkbox"/> 2020 <input type="checkbox"/> 2021 <input type="checkbox"/> 2022 <input type="checkbox"/> 2023		
This form will be included in the State Office CPA or Attorney Average AGI Certification Statement Review File created for each participant and program year reviewed.		YES	NO	N/A
6. Did the participant submit the required documentation within the required timeframe? Date documentation received: _____		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Was the tax information provided for the correct participant subject to the CPA or Attorney Average AGI Certification Statement review?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Were the provided tax returns considered acceptable for CPA or Attorney Average AGI Certification Statement verification purposes?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Has the tax information been evaluated for the following: <ul style="list-style-type: none"> the correct and applicable 3-year period for qualification; the average AGI amounts match the CPA or Attorney Average AGI Certification Statement; the applicable forms, schedules, and line items as needed to identify all average AGI income amounts? 		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Did the CPA or attorney provide a detailed breakdown to show how income was separated, if applicable?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Was the CPA or Attorney Average AGI Certification Statement supported by the submitted documentation? If "YES", go to item 13. If "NO", go to item 12.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Was additional documentation requested and received within required timeframe to support the certification statement? Date documentation received: _____		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Has written notice of the determination been provided to the participant, and if adverse, have the options of reconsideration to the SED, mediation, and appeal rights to NAD been included? Date of the letter: _____		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. For participants determined not eligible , have: <ul style="list-style-type: none"> the subsidiary flag been updated; and a receivable been properly established in NRRS for the program benefits received subject to the AGI limitation and year under review? 		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CPA or Attorney Average AGI Certification Statement Review file should contain the following documents upon completion of the review: <ul style="list-style-type: none"> all tax documentation received from the participant; copy of the original AGI certification (CCC-941 and/or CPA or attorney certification); copy of the CPA or Attorney detailed breakdown of Average AGI, if provided; copy of the written notice of determination sent to participant completed CCC-770 CSCR. 				
16. Remarks:				
17A. Signature of Person Completing Review		17B. Date (MM-DD-YYYY)		

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

AGI Compliance Review Checklists (Continued)

***--D Completing CCC-770 CSCR for 2019 and Subsequent Years**

Complete CCC-770's according to the following table.

Item	Instructions
1	Enter State Office name.
2	Enter County Office name.
3	Enter the producer's name.
4	Enter the CPA or Attorney's name.
5	Select the year being reviewed. Select only 1.
6	Enter the appropriate response and provide the date documentation was received.
7-10	Enter the appropriate response.
11	If "YES", go to item 13. If "NO", go to item 12.
12	If applicable, enter the appropriate response and provide the date documentation was received.
13	Enter the appropriate response and provide the date the letter was sent.
14	Enter the appropriate response.
15	Verify the CPA or Attorney Average Certification Statement Review file contains the listed documents.
16	List any remarks if applicable.
17A	Enter signature of person completing the review.
17B	Enter signature date in month, day, and year format.

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