

Average Adjusted Gross Income Certification and Verification, 2019-2024



Overview

The 2018 Farm Bill requires the implementation of an average adjusted gross income (AGI) limitation for payment eligibility for the 2019 through 2024 program years. The AGI limitation provision applies to most programs administered by the U.S. Department of Agriculture's (USDA) Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS).

How It Works

All persons and legal entities requesting certain program payments, either directly or indirectly, are subject to the AGI limitation provision. If a person's or legal entity's AGI for the 3 taxable years preceding the most immediately preceding complete taxable year for which payments or benefits are requested exceeds the limitation, then the person or legal entity is ineligible for the applicable program payment or benefit. Further, program payments issued to an entity, general partnership or joint venture will be reduced by an amount commensurate with the direct and indirect interest of any member or interest holder who is ineligible because the member or interest holder's AGI exceeds the applicable limitation.

Definitions

Adjusted Gross Income: For an individual is the Internal Revenue Service (IRS) reported adjusted gross income; or for a legal entity, a comparable measure as determined by the Commodity Credit Corporation (CCC).

Legal Entity: The term "legal entity" includes a corporation, joint stock company, association, limited partnership, charitable organization or similar entity, including any

such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust or a participant in a similar entity.

Base Period for Determining AGI

A 3-year AGI will be used to determine whether an individual or legal entity qualifies to receive program benefits subject to AGI rules. Base years for computing AGI are:

FOR CROP YEAR:	AGI BASE YEARS ARE:
2019	2015, 2016, 2017
2020	2016, 2017, 2018
2021	2017, 2018, 2019
2022	2018, 2019, 2020
2023	2019, 2020, 2021
2024	2020, 2021, 2022

Annual Certifications

Participants in programs subject to AGI rules must annually certify their eligibility to receive program benefits. The IRS requires written consent from the individual or legal entity to provide the USDA verification of the individual's or legal entity's certification of compliance with AGI limitation provisions. Such annual AGI certification and written consent are accomplished by completion of form CCC-941, Average Adjusted Gross

For More Info

For more information on FSA programs, eligibility and related information, visit

fsa.usda.gov.

Find your local USDA Service Center

To locate your local FSA office, visit

farmers.gov/service-locator.



Income (AGI) Certification and Consent to Disclosure of Tax Information.

Participants and their members and interest holders are encouraged to submit the completed CCC-941 before payments and benefits are requested under USDA programs that are subject to the AGI limitation.

Participants can mail or return the completed CCC-941 directly to the appropriate USDA service center. As required by law, individuals or authorized representatives must sign the CCC-941 to grant the IRS the authority to use tax information for the purpose of AGI compliance verification requested by USDA. Failure to provide the certification and consent will result in the determination of ineligibility and the required refund of applicable program payments received from FSA and NRCS. Form CCC-941 may be obtained from local FSA and NRCS offices or online at <https://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/CCC941.PDF>.

AGI Limitation

The \$900,000 AGI limitation is as follows.

IF THE AGI EXCEEDS...	THEN THE PERSON OR LEGAL ENTITY IS INELIGIBLE FOR PAYMENTS AND BENEFITS UNDER THE FOLLOWING PROGRAMS...
<p>\$900,000 (AGI, or comparable measure, of the person or legal entity over the 3 taxable years preceding the most immediately preceding complete taxable year for which payments or benefits are requested. Exclude any years for which the person or legal entity did not have taxable income.)</p>	<p>Oct. 1, 2011, and subsequent years:</p> <ul style="list-style-type: none"> • Livestock Indemnity Program (LIP) • Livestock Forage Disaster Program (LFP) • Emergency Assistance for Livestock, Honeybees and, Fish Program (ELAP) • Tree Assistance Program (TAP) <p>2014 and subsequent years:</p> <ul style="list-style-type: none"> • Noninsured Crop Disaster Assistance Program (NAP) <p>2014-2024:</p> <ul style="list-style-type: none"> • Price Loss Coverage (PLC) • Agriculture Risk Coverage (ARC) • Marketing Loan Gain (MLG) • Loan Deficiency Payment (LDP) • Agricultural Management Assistance (AMA) • Other programs as provided in the program regulations or notification of funding availability (NOFA) <p>2015 and subsequent years:</p> <ul style="list-style-type: none"> • Conservation Reserve Program (CRP) • Environmental Quality Incentives Program (EQIP) • Conservation Stewardship Program (CSP) • Agricultural Conservation Easement Program (ACEP) • Regional Conservation Partnership Program • Conservation of Private Grazing Land Program • Farmable Wetlands Program • Grassroots Source Water Protection Program • Voluntary Public Access and Habitat Incentive Program <p>2018 only:</p> <ul style="list-style-type: none"> • Market Facilitation Program (MFP)



Tracking AGI Compliance through Legal Entity Ownership

Compliance with the AGI limitation is tracked through four levels of legal entity ownership. If individuals or legal entities within those four levels do not comply with AGI limitation provisions, payments to the participating legal entity will be reduced by an amount commensurate with the ineligible share.

If the participant is a general partnership or joint venture, AGI certifications are required from each:

- Member who is an individual or legal entity; and
- Embedded interest holder.

If the participant is a legal entity, AGI certifications are required from:

- The participating legal entity;
- Each interest holder who is an individual or legal entity; and
- Each embedded interest holder.

AGI Verification Process

USD USDA and IRS developed an electronic information exchange process strictly for the purpose of AGI certification verification. This process involves a series of IRS calculations of specific line items on IRS tax forms for the applicable 3-year period to arrive at the average amount. IRS then compares this value to the AGI limitation. USDA receives indicators when a program participant appears to meet or not meet the AGI requirement. USDA does not receive any actual tax data from IRS. Participants who USDA receives confirmation that the AGI limitation was not exceeded will

remain eligible for program benefits and no further actions are necessary. For any participant who appears to exceed the AGI limitation, the participant's AGI certification will be evaluated further by FSA state office personnel.

Step-by-Step Process

The following steps describe the AGI certification and verification processes:

- FSA and NRCS provide producers with an AGI certification and consent form (CCC-941) to complete. The CCC-941 includes the participant's certification of AGI compliance for the appropriate year and authorizes the IRS to disclose to USDA tax-related information for the AGI compliance purposes for the indicated year only.
- Producers (and each of the producer's members and interest holders) complete and return CCC-941 forms by mail or in person to the appropriate USDA service center (address printed in the upper right-hand corner, first page).
- FSA submits the completed CCC-941 forms to the IRS for processing.
- The IRS checks each participant's (and each participant's direct and indirect member or interest holder) AGI certification by performing computerized calculations that indicate whether or not the participant (or the participant's direct and indirect member or interest holder) may exceed the AGI limitation.
- Persons and legal entities for whom IRS has indicated as meeting the AGI limitation will remain eligible for program benefits and no further actions are necessary for that person or legal entity for the year.
- Producers whose AGI appears to exceed the AGI limitation will be notified in writing of the results and provided an opportunity to

make available within 30 days to the applicable FSA office:

- A third-party verification from a certified public accountant or attorney of their AGI that demonstrates the limit has not been exceeded; or
- Copies of the complete federal tax returns that were filed with the IRS for the applicable tax years under review.
- Producers determined not to be in compliance with AGI limitation will be offered appeal rights to either FSA or the National Appeals Division.
- Producers who fail to respond to written notices of AGI non-compliance or who are determined non-compliant will be notified of the requirement to refund the applicable program payments. Actions required by the Debt Collection Improvement Act will be followed by NRCS and FSA.

AGI Waiver

The 2018 Farm Bill provides that the \$900,000 limitation may be waived on a case-by-case basis for protection of environmentally sensitive land of special significance that would be protected because of the waiver.

Applicability of the waiver is limited to conservation program payments or benefits under title II of the 2018, 2008 or 2002 Agricultural Acts or title XII of the 1985 Act.

Additional information about requesting a waiver will be provided by FSA's Conservation Division.