

AGRI-QUÉBEC

2016

GENERAL PRINCIPLES

The Agri-Québec program allows participating operations to annually deposit an amount in an account in their name and to receive a matching contribution from La Financière agricole du Québec.

Participating operations can withdraw amounts of money from their account based on their needs. Given the similarities and complementarity between the Agri-Québec and AgrilInvest programs, the management of the financial information, the issuing of the Deposit Notice and the administration of account operations are undertaken jointly (see table on page 2).

The participant's deposit, the government contribution and the accrued interest are deposited into an individual account administered by La Financière agricole.

The participant's account has two funds. The funds taken from the participant's deposit are not taxable and constitute Fund 1. The funds taken from the government contributions and interest constitute Fund 2 and are taxable as investment income.

Operations that are in their first participation year or that want to re-register must contact their service centre and transmit their financial information by the required deadlines.

The 2016 participation year concerns the participating operation's fiscal period or periods ending in 2016.

ELIGIBILITY CONDITIONS

The participating operation must:

- Undertake farming or aqua-farming activities in Québec and report farming income or loss for the participation year for income tax purposes.
- Be domiciled (individual) or have the head office and main place of business in Québec (corporation, cooperative and trust).
- Provide a Social Insurance Number (SIN) or Québec Business Number (NEQ) and/or a federal business number (BN).
- Be registered with the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec, and provide the operation's registration number (NIM).
- Market a product subject to the regulations and conventions in effect.
- Submit a valid phosphorus report (cross-compliance measures).
- Abide by program requirements with regard to deadlines.

ALLOWABLE PRODUCTS

Most agricultural and aquacultural products are allowable, except for:

- products covered or associated with the Farm Income Stabilization Insurance Program (ASRA) or supply-management;
- forestry products;
- racehorses;
- peat moss;
- wild animals in their natural environment.

Moreover, the resale of products that do not come from the farming operation and income derived from farming activities carried on outside of Canada are not eligible.

TRANSMISSION OF FINANCIAL INFORMATION

Participating operations may transmit their financial information once their fiscal period has ended or by **September 30** of the year following the participation year. It is however possible for participating operations to transmit the information up until **December 31**, although the extra delay will entail a reduction in their maximum deposit of 5% a month or part of month late.

The financial information sent for the other AGRI programs will also be used for the Agri-Québec program.

ALLOWABLE NET SALES (ANS)

ANS correspond to the sales of allowable agricultural or aquacultural products minus the purchases of allowable products. ANS are calculated separately for the agricultural and aquacultural sectors.

Income and purchases for activities carried on outside Québec are not considered.

ANS are calculated using an accrual method of accounting and the sales of allowable agricultural products can be adjusted to include changes in inventory. In addition, payments from certain other programs that compensate for the loss of allowable agricultural or aquacultural products are taken into account when calculating ANS (e.g. crop insurance, private insurance).

Particularities may apply to the calculation of ANS for some productions.

DEPOSIT

Upon receiving a participating operation's financial information, La Financière agricole calculates its ANS and the amount of its maximum deposit in order to receive the matching government contribution. A joint Deposit Notice for the Agri-Québec and AgrilInvest programs confirms such amounts.

Once participants receive their deposit notice, they can deposit an amount up to the maximum allowed. To make a deposit, a transfer can be made from money in their account. The transfer must cover the entire amount the participant wishes to deposit. The transfer is considered a withdrawal from the accounts.

The participant may make only one deposit for every Deposit Notice issued, up to 90 days following the date of the notice. The minimum amount that can be deposited is \$150. The amount deposited is first attributed to AgrilInvest, then Agri-Québec, up to the maximum authorized deposit to receive the matching government contribution for each program.

Following a deposit, La Financière agricole pays the government contributions into the participating operation's accounts and confirms, in writing, the amounts along with the new balance in each of the accounts.

The government contribution is equivalent to the participant's deposit. The calculation of the maximum amount participants can deposit into their account annually is recorded in the table below.

WITHDRAWAL

At any time, participants can withdraw the amount they wish up to the balance in the account. The minimum amount that can be withdrawn is \$75. A withdrawal may however be below \$75 if it brings the balance in the AgrilInvest account or that in the Agri-Québec account to zero, or if it is used to pay an amount owed to La Financière agricole.

When a withdrawal is made, the amounts are taken from the accounts in the following order:

1. Fund 2 AgrilInvest
2. Fund 1 AgrilInvest
3. Fund 2 Agri-Québec
4. Fund 1 Agri-Québec

ADMINISTRATIVE FEES

Annual administrative fees apply to all participants entitled to a government contribution, whether or not they make a deposit into their account.

MAIN DIFFERENCES BETWEEN AGRI-QUÉBEC AND AGRIIINVEST

	Agri-Québec	AgrilInvest
Living in...	Québec only	Canada
Eligibility	Agricultural and aquacultural operations	Agricultural operations
Government contributions come from...	Government of Québec 100%	Government of Canada 60% Government of Québec 40%
The government contribution is equivalent to the participant's deposit. It is calculated as follows:	<ul style="list-style-type: none"> • 3.2% of agricultural ANS and 3.9 % of aquacultural ANS up to \$1.5 million of ANS; • 2.0% of ANS from \$1.5 million to \$2.5 million; • 1.5% of ANS from \$2.5 million to \$5.0 million; • 1.0% of ANS over \$5.0 million; • 4.2% of agricultural ANS and 4.9 % of aquacultural ANS for small-sized businesses whose eligible income is less than \$100,000. 	<ul style="list-style-type: none"> • 1% of ANS, up to \$1.5 million of ANS; • The maximum amount of government contributions is \$15,000 (1% X \$1.5 million of ANS).

OTHER INFORMATION

- A network of accredited accountants was set up by La Financière agricole, in order to gather financial information from participating operations.
- Participants that wish to make adjustments in financial information transmitted can do so within 18 months after the issue of the first Deposit Notice for the participation year in question.
- The eligibility of products covered or associated with the ASRA program was suspended for the years 2014 and 2015. Following this suspension, the link between these two programs was not applied and the level of support from ASRA was adjusted upward to take this amendment into account. From 2016, this suspension becomes permanent.

This summary, valid for 2016, in no way takes precedence over the provisions of the Agri-Québec program or of the policy of La Financière agricole. In addition, the terms and conditions in the summary are subject to amendments that could be made to the program during the participation year.

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