



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



Interest Rebate Procedure Manual

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Interest Rebate Administration

Section 1 – Application and Eligibility

1.1 Once the **eligible** producer has applied for a new feeder contract, print off the Interest Rebate application. **The Application is to be filled out and signed by the producer on the same day the producer takes out his/her first contract.**

1.1 Complete the first part on the Application for an Advance –Filling out all of the producer’s information.

1.2 Complete Part 2 calculating the eligible amount the producer will collect interest on for the working production period.

Calculating Eligible Amount, Part 2 on application:

(Take the number of cattle on contract by the rate that reflects back grounding or finishing)

PART 2 – AGRICULTURAL PRODUCT INFORMATION PERTAINING TO THE ADVANCE PAYMENTS PROGRAM (APP)						
Producer request for an interest only advance on storable agricultural products						
Type of Agricultural Product (A)	# of Cattle on Feeder Cattle Loan (B)	Amount Received Feeder Associations Guarantee Act (C)	Advance Rate Current (D)	Amount of Eligible Advance (B x D)	Advance Requested	Repayment Per Head Rate*
1)ex. Cattle Backgrounder	300	\$180,000.00	\$550	\$165,000.00	\$100,000.00 (Cannot exceed this)	Check rate at time of repayment
2) Cattle Finisher	150	\$145,000.00	\$825	\$123,750.00	\$100,000.00	Check rate at time of repayment
3) Cattle						
4) Cattle						
*REPAYMENT RATE IS SUBJECT TO CHANGE AND MAY BE UPDATED PRIOR TO OCTOBER 1, 2012. REPAYMENTS MUST BE MADE AT THE RATE ESTABLISHED AT THE TIME OF REPAYMENT (SEE Part 4, 3.3).						

Note: If the producer has no outstanding advances, go to Step Three.

To determine the Advance Requested you will need to determine the Total Amount Outstanding on the application which refers to any amount advanced by any other APP administrator in the prior production period.

The producer cannot exceed the \$400 000.00 limit set by APP (total of previous period and current period) when applying for this new production period.

i.e. Producer advanced \$100 000.00 interest free and \$225 000.00 interest bearing from the Canadian Wheat Board in the prior production period. This gives him a combined total of; i.e. **\$100 000.00 + \$225 000.00 = \$325 000.00 advanced in the prior production period still outstanding.**

Now the producer is applying for the Interest Rebate in the new production period and could be eligible for the \$100 000.00 interest free however he is limited to only receiving the amount left after his outstanding balance is deducted from the \$400 000.00 limit.

Therefore: \$400 000.00-\$325 000.00 = \$75 000.00 is the eligible advance requested

Note: If the producer has no outstanding balances from the prior production period you simply write “0” on the blank provided and he will not be affected for this part of the calculation.

1.3 Determine if there is an issue with Related Producers. Follow the instructions in Part 5 of the Application carefully. (Important note: The limit **per house hold is \$100,000** unless the producers can prove that they file completely separate income taxes from their spouse/relative OR that they farm at “Arms Length” they do not share equipment or feed unless their spouse/relative is paying fair market value for the services that are being provided. The producers cannot purchase or sell livestock on behalf of one another or share receipts.

Part 5 RELATED PRODUCERS			
<ul style="list-style-type: none"> ✓ Related Producers are producers with whom the applicant does not deal at arm's length. These can include: siblings, parents or children (by blood, marriage or adoption); spouses (including common-law); OR individuals with whom the applicant is cohabitating. ✓ Relatedness affects the applicant's eligibility to receive an advance, as well as the amount of an advance. ✓ If you answer “yes” to questions 1 or 2 below, either complete section 5.1 which is a declaration of relatedness OR section 5.2 which may allow you to rebut the presumption of relatedness. ✓ If you answer “yes” to question 3, you may not be eligible to receive an APP advance, unless you are able to rebut the presumption of relatedness. 			
1. Do you share the reporting of income or losses of any other farming operation with a related producer?		YES	NO
2. Has a related producer a) applied for an APP advance in this production period or b) have an outstanding APP advance from a previous production period?		YES	NO
3. Is any related producer ineligible as a result of a default under APP, SCAP or ESCAP?		YES	NO
5.1 RELATED INDIVIDUAL PRODUCER DECLARATION			
<ul style="list-style-type: none"> ✓ List all related individual producers who received an advance for this or previous production periods, including advances issued by other APP Administrators. ✓ Attach a separate sheet if required. 			
Name of the related individual producer that received an advance	APP ID	Name of Administrator which issued the advance	Production period
5.2 REBUTTAL OF RELATEDNESS			
<ul style="list-style-type: none"> ✓ Answer the questions below for each related producer listed in section 1.5.1. ✓ If you responded “no” to any of the questions below, you have not rebutted the presumption of relatedness with the producer in question. ✓ If you responded “yes” to <u>all</u> the statements below, you have established that you deal at arm's length with the producer(s) in question, and the Administrator may request the appropriate documentation to support your responses, such as articles of incorporation, financial statements, leases, receipts, etc. ✓ Attach a separate sheet if required. 			
1. Name of the related individual producer that received an advance:			
a. You and the related producer file separate tax returns and/or produce separate financial statements.		YES	NO
b. You and the related producer are not employees or do not act as agents of the other.		YES	NO

c. You and the related producer conduct all business transactions (e.g. sharing of equipment and/or land) at fair market value and such transactions are documented.	YES	NO
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1.4 Determine the Total Amount Advanced which on the application refers to any amount advanced under the current production period from any other administrator. This amount cannot exceed the \$100 000.00 Interest free portion as we can only **rebate** based on the \$100 000.00 limit.

i.e. \$50 000.00 Interest Free from the Canadian Wheat Board.

i.e. \$100 000.00 – \$50 000.00 = \$50 000.00 is the producer’s eligible advance requested

1.5 Have the producer sign and date the application and you can witness his signature.

The applicant must ensure that all the information provided on the Application and Declaration is complete and accurate. Providing false or misleading information will result in an automatic default with the loss of all benefits related to the Advance Payments Program.

The total amount(s) of all advances made to me or attributed to me by my involvement in a corporation or partnership under the 2009-10 and APP 2010-11 **cannot exceed \$400,000** at any time by all Administrators. The total advances eligible for the interest- free provision cannot exceed \$100,000 per production period, by all Administrators (including anything attributed from a partnership or corporation). This includes but is not limited to advances issued by The Feeder Association of Alberta Ltd.

YOU MUST DECLARE ORIGINAL ADVANCES TAKEN FROM APRIL 1, 2010 TO April 30, 2011.

\$ _____

Total amount advanced Administrator’s Name (Please Print)

_____ + _____ = \$ _____

Total amount advanced Administrator’s Name (Please Print) + the amount from this application **TOTAL OF ALL \$**

I, (Name of Individual Producer) _____, hereby agree that the information provided in this Application is true and accurate based on my knowledge at the time of the application,

Signature of Applicant _____

Signature of Witness _____ Date _____

(Must not be a relative)

Section 2 - Record Keeping

A record of all enrolled producers is to be submitted at the end of each month, using the Interest Rebate Enrollment Form.

The enrollment form also acts as an ongoing remittance sheet and should be updated regularly. Meaning this document is to be continually updated on a monthly basis. I.E if a producer pays out his loan, his payout date would be updated at the end of the month and remitted to FAA (with the producer's fees). If there are new producer contracts added to the Interest Rebate program, they should also be documented on the same spreadsheet. Only new information should be added to the spreadsheet and no information is to be removed from the ongoing remittance sheet.

Section 3 - Calculating a Return

When a producer has paid their contract in full input all information into the Interest Rebate calculator and print the Loan Summary. The producer/administrator will then decide if the return is sufficient. If the return is not sufficient the administrator will then refund the producers fee.

*Sufficient meaning the return is large enough to cover the fee.

Section 4 –Submissions

Print off the Interest Rebate Checklist. Gather all of the documentation regarding the Producers contract and use the check list to ensure you have all of the documentation required. Submit the documents along with the checklist to the FAA office by no later than the 15th of the following month. (i.e. if a producer pays out in June, their paperwork should be submitted to the office no later than July 15th)

Section 5 - Fees

When a producer takes out their contract the Administrator may add it to the contract or they may choose to have the producer pay at the end of their contract. Either way the administrator does not remit FAA's portion of the Fee until the producer has completely paid out his/her contact.

The total administration fee is \$ 225.00 + GST (\$236.25), so your local association may claim \$100.00 to cover administrative costs.

Section 6 – New Requirements

The Initial Application is to be completed the same day the producer takes out his/her first contract.

A COPY of the Interest Rebate Application and a COPY of the producer's first contact are to be sent to the FAA office with the Monthly Remittance form by the 15th of each month.

At the end of each month Administrators will be required to send the list of producers that are enrolled in the Interest Rebate Program. This may be done by using the Interest Rebate Enrollment List. This should be received at the FAA office by no later than the 15th of the following month.

Administrators are required to submit paid out claims to the FAA office by no later than the 15th of the following month, after the producer pays out. (i.e. if a producer pays out in June, their paperwork should be submitted to the office by July 15th)

Incomplete applications will be returned to the local feeder association to be corrected. This includes relatedness rebuttals that are incomplete.

Submission to Ottawa will now be completed on a monthly basis, which means it is imperative that all claims that are paid out be submitted to the Provincial office no later than the 15th of the following month. this means that we will be making Monthly payouts to producers if the claim is not forwarded to the Barrhead Office in a timely manner Ottawa may not process the claim.

Joint Partnerships, Ventures and Corporations may now utilize the Interest Rebate Program, Please use the New Application For Corporations.

Section 7 – Frequently Asked Questions

Q: Do I send original application, bank documents and loan detail sheets to the FAA office?

A: No, please do not send Originals to the FAA Office. FAA only requires **Copies** of the Application, Contracts, Bank statements and any other Loan Detail Sheets. Administrators are required to retain all original documentation until the rebate has been issued. If originals are sent to the FAA office these will be returned.

Q: Why do I need to send in bank statements?

A: Bank statements showing the Producers advance date and payout date are required by Ottawa and help to ensure the producer is receiving an accurate rebate.

Q: Why can't Businesses apply for Interest Rebate?

A: The interest rebate program is an Individual program. As per Ottawa no partnerships (husband/wife, father/son etc.) or business is eligible.

Q: Why do I have to fill out the Relatedness Rebuttal?

A: The relatedness rebuttal is very important because it helps us to determine the percentage of interest free money the producer is eligible for. If a husband and wife apply (separately of course) they will only be eligible for \$50,000.00 each. The same would work for a father and son etc. If the relatedness rebuttal is not filled out you will be contacted by the FAA office and the application may be sent back to be filled out correctly.