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Note: The application is located in the middle of this guide.

INTRODUCTION

This guide provides instructions on how to complete the *CAIS 2003 Statement A - Special Individual Form* in the provinces of British Columbia, Manitoba, Saskatchewan, Nova Scotia, New Brunswick, Newfoundland & Labrador. Producers not in these provinces should contact the CAIS Administration in their province to obtain the appropriate CAIS program forms.

This guide is to be used by trusts, non-residents, Status Indians who are exempt from the Income Tax Act, and deceased participants (rights and things only). All other individual participants reporting farming income (loss) should use the Farming Income and CAIS - Joint Forms and Guide Package. This package is available from local tax offices or the CAIS Administration.

This guide should be used in conjunction with the *CAIS Program Handbook*, which contains important information and guidelines on the CAIS program. As part of the CAIS program, you must also complete a *CAIS Supplementary Form*. To get copies of your forms, contact the CAIS Administration.

You must complete all areas on the Statement A form except the Partnership Information, which you complete only if you are involved in a partnership. If you do not provide the required information it will delay the processing of your forms.

If you have one farming operation (a single farm or a partnership), complete the Statement A. The Statement A is located in the middle of this guide.

Partnerships: Each partner in a partnership must complete and submit separate CAIS program forms, reporting 100% of the partnership's income and expense information.

Multiple Operations: Ensure that the operation number(s) you enter on these forms corresponds with the operation number(s) that you use on your *CAIS Supplementary Forms*.

If you are involved in multiple farming operations, assign a number to each operation and complete a *CAIS 2003 Statement B - Special Individuals and Corporations/Co-operatives form* for each operation.

Submit completed forms to:

Winnipeg Tax Centre
66 Stapon Road
Winnipeg, Manitoba
R3C 3M3

The deadline for submitting both the Statement A and the *CAIS 2003 Supplementary Form* is June 15, 2004 for Special Individuals.

If you require a Statement B but did not receive one in your package, call us toll-free at 1-866-367-8506 (CAIS Administration)

Note: The personal and financial information you provide to the CAIS Administration will be used only for purposes of processing your CAIS program forms, or as allowed by law (e.g., the *Farm Income Protection Act*, the *Income Tax Act*, and the *Financial Administration Act*). Once your CAIS program forms are submitted, the information then becomes confidential. Information will only be used as specified on the CAIS program form or as instructed by you. Personal information is protected under the *Privacy Act* and is stored in the Personal Information Bank number AAFC PPU 189. Information is protected from disclosure under Section 20 of the *Access to Information Act*.

ACCOUNT INFORMATION

Name and Address

Check to make sure your pre-printed label is correct. If it is, attach it to the Participant Name and Address area. Also provide your day and evening phone numbers in case we need to contact you. If the address label is incorrect or you did not receive one, complete the Participant Name and Address area.

If someone has filled out the form on your behalf and you would like the Administration to contact them for further information, please complete the contact person details. The Administration will communicate with your contact person as the first point of contact. Written correspondence will be sent to both you and your contact person.

Cheques and account information such as the *Calculation of Program Benefits* will be mailed directly to you.

Participant Profile

If you were a former NISA participant, enter the Participant Identification Number (PIN) in the space provided. Leave blank otherwise and you will be assigned a CAIS program PIN by the Administration.

Member of a partnership - All or part of the farming business was carried on with other partners and;

- the income and expenses were recorded under the partnership's name;
- each member reported their allocation of the partnership's net income/loss to Canada Revenue Agency (CRA).

Main farmstead: Indicate the rural municipality/county/municipal district (name and number) in which your main farmstead is located. The main farmstead is defined as the province where all or the majority of gross farming income is earned in the reference period.

FARMING INCOME AND EXPENSES

Getting Started

Tenant crop share income/expenses

Partners, if you are a tenant in a crop share and you have income from crop share that is separate from the partnership, complete a Statement A for one of the operations and a Statement B for the other. Otherwise, we will apply the partnership allocation to the crop share income.

Record all of the income/expense items from your 2003 Statement of Farming Activities on Statement A or B along with their designated line codes. Line codes not printed on the form are either included in the guide instructions or listed in the Commodity List and the Program Payment List.

Please round all figures to the nearest dollar.

Method of Accounting

If you file on the cash basis to CRA, you must also file to the CAIS program on the cash basis. Transfer the income and expenses from your Statement of Farming Activities onto the application as per the instructions in the guide.

If you file on the accrual basis to CRA, you must also file to the CAIS program on the accrual basis. Transfer the income and expenses from your Statement of Farming Activities onto the application as per the instructions in the guide. You must also record the change between opening and closing inventory for each individual income and expense item.

Identification

Enter the operation's fiscal period. Record the year, month and day of the beginning and end of the farming operation's taxation year. The 2003 fiscal period must end in 2003.

Partnerships: The fiscal period of a partnership must fall into the fiscal period of each partner.

Enter the type of farming operation.

Indicate the method of accounting filed to CRA and to the CAIS program. Enter:

- code 1 if you are using the accrual method for tax and CAIS purposes;
- code 2 if you are using the cash method for tax and CAIS purposes.

Indicate if you were involved in any of the following for this particular operation:

- A member of a feeder association
- Crop share (landlord)
- Crop share (tenant)

Income

COMMODITY SALES AND PROGRAM PAYMENTS

Commodity Sales

Record the name, line code, and gross sale amount of each commodity on Statement A or B.

Example:

You have seed potato sales of \$50,000. You would record:

Potatoes 147 \$50,000

Income

COMMODITY SALES AND PROGRAM PAYMENTS

Commodity Sales Adjustments

If you received a cheque for a commodity sale that is net of expenses that are recognized in the calculation of farming income (loss), report the sale to include the full value of the commodity.

Example:

Your receipt from the processor shows gross apple sales of \$10,000, packing costs of \$1,000 and marketing board fees of \$500 leaving you a net cheque of \$8,500. You would report \$10,000 as your gross apple sales and \$1,500 in the appropriate line code under expenses.

Program Payments

Using the Program Payment Code List, record the name, program payment code, and the amount of each program payment received as compensation for a commodity.

Record program payments not listed on the Program Payment List on line 9540, Other Program Payments.

Program Payment Adjustments

If the program payments on your Statement of Farming Activities have been reported net of expenses that are recognized in the calculation of farming income (loss), report the full amount of the payment.

Example:

Crop hail insurance program premiums of \$2,000 were deducted from proceeds of \$6,000, leaving a net cheque of \$4,000. You would report \$6,000 as a program payment and \$2,000 on line 9665 – Insurance Premiums (production).

Insurance Proceeds for Allowable Items

Insurance proceeds for allowable items such as fertilizers, chemicals, fuel, etc. should be recorded using line code 406.

Custom feedlot operator income

Custom feedlot operators feeding cattle, calves, swine, sheep and lambs are eligible for CAIS program entitlements based on the value of grain they produce and feed to custom-fed livestock.

- record feed and protein supplements as a prepared feed sale using line code 046;

Prescribed drought region (PDR)

Report the income you received from the sale of breeding animals as a commodity sale using the line code for the commodity. Report the amount you deferred as a commodity purchase using the appropriate line code from the list below.

When reporting the income that you had deferred in a previous year, report the amount as a commodity sale using the appropriate line code from the list below.

PDR Deferred Livestock Codes

Deferred bovine cattle	150
Deferred bison	151
Deferred goat	152
Deferred sheep	153
Deferred deer	154
Deferred elk	155
Deferred horse for PMU sales	156
Deferred other breeding animals	157

Income

COMMODITY SALES AND PROGRAM PAYMENTS

Miscellaneous Items

Livestock producers, include any insurance payments received for losses of livestock as part of the sale amount. If you received a Bovine Spongiform Encephalopathy (BSE) Recovery Program payment, report the amount you received under program payment code 468.

Include **income generated from the use of commodities** with commodity sales. For example, record income from pollination services with bee sales, stud fees with horse sales, etc. If you have used these services, record any amounts paid as a purchase of the corresponding commodity.

If you operated or regularly harvested a **woodlot**, include the sale of trees, lumber, logs, poles, or firewood as income using line code 259. This income is not an allowable income for CAIS program purposes.

Landlords, income earned through a crop or livestock share, whether cash rent or payments-in-kind, must be reported as rental income for income tax purposes, and therefore is considered non-allowable for the CAIS program.

Tenants, if the gross sales you reported to CRA include your landlord's share of the crop:

- record as sales the amount you reported to CRA;
- record your landlord's share as a corresponding commodity purchase.

If you gave a commodity to another person as a **payment-in-kind**, record the value as a sale using the line code for the commodity. If the payment was made to settle a business expense, also record the value as an offsetting expense.

CAIS program payments should be reported as farming income for income tax purposes. Record the amount as Business Risk Management (BRM) and disaster assistance payments, line 9544.

Do not include current year inventory adjustments (mandatory or optional) as income. Record them on lines 9941 and 9942.

For income tax purposes, cash advances are treated as a loan and therefore should not be reported as income.

Income transactions involving commodity futures may be recorded as a commodity sale for CAIS purposes if:

- you reported the futures transactions as farming income (loss) for income tax purposes;
- the transaction involves a primary agricultural product that you produced on your farm;
- the transactions are considered a hedging strategy, not speculation

Record the futures transactions reported on your Statement of Farming Activities that meet the criteria as follows:

- for futures transactions reported as a gross amount, record the income as a commodity sale using the line code for the commodity, and record related expenses as a commodity purchase using the line code for the commodity.
- for futures transactions reported as a net amount, record the net gain as a commodity sale using the line code for the commodity. Record the net loss as commodity purchase using the line code for the commodity.

Income

COMMODITY SALES AND PROGRAM PAYMENTS

Miscellaneous Items

Record income from futures transactions involving commodities which you did not produce or were not considered a hedging strategy as other farming income, line 9600. Record losses from futures transactions involving commodities which you did not produce or were not considered a hedging strategy as a non-allowable expense, line 9896.

OTHER FARMING INCOME

Line 9540, Other program payments

Record on this line any program payments not listed on the Program Payment List.

Line 9544, Business Risk Management and disaster assistance program payments

Record payments you received from the following federal or provincial risk management and disaster assistance programs.

Agricultural Income Disaster Assistance (AIDA) Program in Saskatchewan, Manitoba, Nova Scotia, Quebec, Newfoundland and New Brunswick, and Prince Edward Island;

- Canadian Farm Income Program (CFIP) in Saskatchewan, Manitoba, Nova Scotia, Quebec, Newfoundland, New Brunswick, and Prince Edward Island;
- Whole Farm Insurance Pilot (WFIP) Program in British Columbia;
- Farm Income Disaster Program (FIDP) in Alberta;
- Ontario Whole Farm Relief Program (OWFRP) and the Ontario Farm Income Disaster Program (OFIDP);
- The Canadian Agricultural Income Stabilization (CAIS) program;
- Producer Assistance Payments 2003.

If you received an overpayment from any of the programs listed above, report any amount you repaid on line 9896.

Line 9574, Resales and rebates, GST/HST for allowable expenses

Record the total resales and rebates of allowable expenses (including GST/HST rebates) unless you already reduced your expenses by these amounts.

Line 9575, Resales and rebates, GST/HST for non-allowable expenses, recapture of capital cost allowance (CCA)

Record the total rebates of non-allowable expenses (including GST/HST rebates) unless you already reduced your expenses by these amounts.

Line 9601, Agricultural contract work

Record the total of incidental farming income from such things as custom or contract work, harvesting, combining, crop dusting or spraying, seeding, drying, packing, cleaning, and treating seeds.

Do not include income received from farm machinery rental on this line. See line 9614, Machine rental.

Line 9607, Interest

Record any interest that was reported as farming business income for tax purposes.

Line 9611, Trucking (farm-related only)

Record any trucking that was reported as farming business income for tax purposes.

Line 9612, Resales of commodities purchased

Record sales of commodities that you did not produce (i.e., bought for resale).

Record the corresponding purchases on line 9827.

Income

OTHER FARMING INCOME

Line 9613, Leases (gas, oil well, surface, etc.)

Record payments you received for leasing your farmland for petroleum or natural gas exploration. These payments will be either income or a capital receipt.

Line 9614, Machine rental

Record amounts you received from the rental of your farm machinery.

Line 9600, Other (specify)

If you have other types of farming income not listed on the application, enter the total amount of all other types of farming income on line 9600. Then list them on the blank lines provided. This will help ensure processing is not delayed.

Record all non-allowable farming income in this section.

Expenses

For CAIS program purposes, there are three types of expenses:

- commodity purchases and repayment of program benefits;
- allowable expenses; and
- non-allowable expenses.

COMMODITY PURCHASES AND PROGRAM REPAYMENTS

Use the Commodity list to record the line code, name and the purchase amount of each commodity bought at any stage of maturity. This includes seed, plants, transplants, livestock and marketable products. For example, apple producers should report apple tree purchases using the line code for apples.

Livestock owners and custom feedlot operators with prepared feed purchases

Record feed and protein supplements as an allowable expense on line 9830.

Livestock owners with custom feeding expenses

Record qualifying feed and protein supplements as an allowable expense on line 9830.

Ranch fur operators with prepared feed purchases

Record prepared feed purchases on line 9830.

Miscellaneous Items

Record the **repayment of a program benefit** as a purchase using the line code for the program.

Record **bad debts** pertaining to sales of commodities as a commodity purchase using the line code for the commodity.

Tenants, if the gross sales you reported to CRA include your landlord's crop share, record the landlord's share of the sale as a commodity purchase.

CAIS PROGRAM – ALLOWABLE EXPENSES

Line 9661 – Containers and twine

Enter the total amount you paid for material to package, contain, or ship your farm produce or products. If you operated a nursery or greenhouse, enter the cost of your containers and pots for the plants you sold.

Line 9662 – Fertilizers and lime

Enter the total amount you paid for fertilizers and lime you used in your farming business.

Expenses

CAIS PROGRAM – ALLOWABLE EXPENSES

Line 9663 – Pesticides

Enter the total amount you paid for herbicides, insecticides, and fungicides. Record seed treatment as an allowable expense if the treatment was itemized separately from the seed purchase on your original invoice. Otherwise, include the treatment as part of the commodity purchase.

Line 9665 – Insurance premiums (crop or production)

Enter the total amount of deductible premiums for any crop related programs. Include premiums for hail insurance on this line. Do not include any premiums for private, business related, or motor vehicle insurance. See “Line 9804 – Other insurance premiums” on page 12 for details on other types of insurance premiums. Production insurance is the same as crop insurance.

Line 9713 – Veterinary fees, medicine, and breeding fees

Enter the total amount you paid for medicine for your animals, and for veterinary and breeding fees. Examples of such fees include the cost of artificial insemination, embryo transplants, disease testing, and neutering or spaying.

Line 9714 – Minerals and salts

Record purchases of minerals, salts, vitamins, and premixes (which are mainly minerals and vitamins).

Line 9764 – Machinery (gasoline, diesel fuel, oil)

Enter the total amount you paid for fuel and lubricants for your machinery.

Line 9799 – Electricity

Only the part of your electricity costs that relates to your farming business is deductible. To determine the part you can deduct, keep a separate record of the amounts that apply to the farmhouse and other farm properties. For example, the business part of your electricity expense will depend on how much electricity you used for the barns and shops.

Do not include the electricity expense for a house that you rented to someone else. This is a rental expense, which you enter on Form T776, *Statement of Real Estate Rentals*. You can get this form in the *Rental Income* guide.

Line 9801 – Freight and shipping

Enter the amount you paid for shipping goods. Also include amounts you paid for the disposal of carcasses on this line. Do not include custom trucking expenses on this line. This non-allowable expense should be claimed on line 9798, “Agricultural contract work”.

Expenses

CAIS PROGRAM – ALLOWABLE EXPENSES

Line 9802 – Heating fuel

Enter the total amount you paid for natural gas, coal, and oil to heat farm buildings. Also enter your expenses for fuel used for curing tobacco, crop drying, or greenhouses.

You can deduct only the part of these costs that relates to your farming business. To determine the part you can deduct, keep a separate record of the amounts you paid for the farmhouse and other farm properties. For example, the business part of your heating fuel expense will depend on how much heating fuel you used for the barns and shops.

Do not include heating fuel expenses for a house that you rented to someone else. This is a rental expense, which you enter on Form T776, *Statement of Real Estate Rentals*. You can get this form in *Rental Income* guide.

Line 9815 – Arm’s length salaries

Enter the amount of gross wages you paid to your employees. Include the cost of board for hired help. Do not include salaries paid to related persons (see the definition below). For these, report expenses on “Line 9816 Non-arm’s length salaries”.

Related persons are:

- 1) individuals connected by blood relationship, marriage or common-law partnership, or adoption;
- 2) a corporation and
 - an individual, group of persons, or entity that controls the corporation;
 - an individual, group of persons, or entity of a related group that controls the corporation;
 - any individual related to a person described in (1) above.

Line 9822 – Storage/drying

Enter the amount you paid for storing and drying commodities.

Line 9830 – Prepared Feed

Enter the total amount you paid to buy feed for your livestock.

Line 9831 – Custom Feeding

Enter the total amount you paid to have your livestock custom fed.

CAIS PROGRAM – NONALLOWABLE EXPENSES

Line 9760 – Machinery (repairs, licences, insurance)

Enter the total amount of repair, licence fee, and insurance premium expenses you incurred for your machinery.

Line 9765 – Machinery lease/rental

Enter the expenses you incurred for leasing machinery used to earn your farming income. If you lease a passenger vehicle, report expenses on “Line 9829 – Motor vehicle interest and leasing costs”.

Line 9792 – Advertising and promotion costs

Enter the expenses you incurred for advertising and promoting your farm products.

Line 9795 – Building and fence repairs

Enter the amounts for repairs to fences and all buildings you used for farming, except your farmhouse.

Expenses

CAIS PROGRAM – NON-ALLOWABLE EXPENSES

Line 9796 – Land clearing and draining

Enter the total amount for the expenses listed below. In most cases, you can deduct the costs for:

- clearing the land of brush, trees, roots, stones, and so on;
- first ploughing the land for farm use;
- building an unpaved road; and
- installing land drainage.

Line 9798 – Agricultural contract work

Enter the expenses you incurred for custom and contract work in your farming business. For example, you could have had a contract with someone who cleaned, sorted, graded, and sprayed the eggs your hens produced, or someone who had facilities to age the cheese you produced. You could have also contracted someone to do your harvesting, combining, crop dusting, or contract seed cleaning.

For CAIS program purposes, agricultural contract work is a nonallowable expense. However, if you have contract work receipts that are itemized, enter the amounts of the contract work that pertain to the allowable portions, (such as fuel, fertilizer) on the appropriate lines as allowable expenses. Enter on line 9798 any amounts that are non-allowable expenses.

Line 9804 – Other insurance premiums

Enter the total amount of business related insurance premiums you paid to insure your farm buildings, farm equipment (excluding machinery and motor vehicles), and business interruption.

Do not include any premiums for hail insurance or livestock on this line. See “Line 9665 Insurance premiums (crop or production)” on page 10 for details.

OTHER ACCOUNT INFORMATION

The information on the Statement of Farming Activities section of the form is used to verify that the information reported on your CAIS form is the same as what you reported to CRA. Completion of this section is mandatory.

STATEMENT OF FARMING ACTIVITIES

Use the operation's Statement of Farming Activities to complete the following information.

Line 9959, Gross farming income

Record the gross farming income from the operation's Statement of Farming Activities.

Line 9968, Total farming expenses

Record the total farming expenses from the operation's Statement of Farming Activities.

Line 9969, Net farming income (loss) before adjustments

Record the net farming income (loss) before adjustments from the operation's Statement of Farming Activities.

Line 9941, Optional inventory adjustments/current year

Record the total of any current year optional inventory adjustments from the operation's Statement of Farming Activities.

The optional inventory adjustment applies to you only if you use the cash method of accounting for income tax.

Line 9942, Mandatory inventory adjustments/current year

Record the total of any current year mandatory inventory adjustments from the operation's Statement of Farming Activities.

The mandatory inventory adjustment applies to you only if you use the cash method of accounting for income tax.

Line 9944, Net farming income (loss) after adjustments

Record the net farming income (loss) after adjustments from the operation's Statement of Farming Activities.

Line 9946, Net farming income (loss)

Record the net farming income (loss) from the operation's Statement of Farming Activities.

Partnership Information

PARTNERSHIP INFORMATION

Complete this section only if the operation is a partnership.

Partnership Name

Enter the partnership's name.

Partners' Names

Record the name of each individual, corporate or co-operative partner, starting with the participant's name.

If another partnership is a partner, list the names of the partners in that partnership.

Percentage (%) Share

Record each partner's percentage share based on the allocation of partnership net income/loss reported to Canada Revenue Agency unless:

- interest has been paid on partner's capital, or
- salaries have been paid to partners.

In these cases, exclude these amounts in determining the partner's percentage share.

If another partnership is a partner, determine the beneficial ownership of each individual member.

Example:

The Smith & Smith Partnership owns 60% of the Sunny Skies Partnership. Since Fred Smith Ltd. and Mary Smith Ltd. each own 50% of the Smith & Smith Partnership, each corporation has a 30% beneficial ownership in the Sunny Skies Partnership.

SIN or BN

Enter the Social Insurance Number (SIN) for each individual partner.

Enter the Business Number (BN) for corporate or co-operative partners if applicable.

CONTACT INFORMATION

This guide contains general information only and is not intended to be a substitute for the legislation, regulations and federal/provincial agreements which are the legal authorities for this program. For more information on the CAIS program, please contact us:

Telephone toll free at: English or French: 1-866-367-8506
(8:00 am to 5:00 pm Central Time)

Fax: 1-204-983-3947

Mailing address:

Canadian Agricultural Income Stabilization (CAIS) Administration
P.O. Box 3200 Station Main
Winnipeg, Manitoba
R3C 5R7

Web site address:

www.agr.gc.ca/caisprogram (English)
www.agr.gc.ca/pcsra (French)

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