

THE RIPARIAN TAX CREDIT

QUESTIONS AND ANSWERS



Please look over the following question and answer sheet, which may help you qualify for this innovative tax credit.

1. What is the purpose of the Riparian Tax Credit?

The Riparian Tax Credit is an innovative green program that supports the efforts of farmers to better manage lakeshores and river and stream banks – and it recognizes those who have already done so.

2. What does a riparian area or zone mean?

For the purpose of this tax credit, a riparian zone is a strip of land bordering a lake, river or creek. Healthy riparian zones are densely covered with a variety of trees, shrubs, grasses and other vegetation.

Riparian zones are fragile areas and must be carefully managed. A key feature is that the zone's underlying saturated soil supports a variety of plants and trees. Without vegetation, the area can become eroded to the point where it provides no benefit to the land.

3. How is riparian land defined for the purpose of this program?

Riparian land is farm property that extends in a strip 100 feet wide along one bank of a lake or waterway. A **riparian acre** is a strip of riparian land 100 feet wide and running 440 feet along one side of a lake or waterway. This applies even when the lake or waterway bends or meanders.

4. My riparian acre calculation totals 5.75 acres. Can I round it up to 6 acres?

No. Actual measurements should be used.

5. What does suitable permanent cover mean?

Native and tame forages, bushes and trees, or any combination of them.

6. Does a slough or dugout qualify as a waterway?

For the purpose of this program, only lakes, major rivers, or waterways designated as an Order 4, 5, 6, 7 or 8 drain or a natural water channel designated as an Order 3 drain will qualify. Grassed waterways, seasonal creeks and dry riverbeds do not qualify.

7. Where do I get the information I need to complete my application?

Some of the information can be found on your property tax statement. You will have to measure the length of the riparian strip, provide a sketch and do some calculations.

Your local municipality and Manitoba Conservation District have maps that show all designated lakes and waterways.

8. If my spouse and I both own the property, whose name should appear on the application?

The names of all registered owners must appear on the application, and all registered owners must sign the application. However, the cheque will be issued to the first registered owner named on the application.

9. My spouse and I each own individual parcels of land. Can we each submit an application or should we file a joint application?

Individual applications should be submitted.

10. How is rented farmland treated for this program?

The registered owner of the farm land may apply for the Riparian Tax Credit and is responsible for meeting and keeping the land eligible throughout the benefit period.

11. What happens if I sell my property?

If you cease to own all or any part of the land before the end of the benefit period, you must notify the Province of Manitoba, Tax Assistance Office in writing at: 809 – 386 Broadway, Winnipeg, Manitoba R3C 3R6 within 14 days after the date of the transfer. For further information, please contact the Tax Assistance Office at 1-800-782-0771.

12. What kind of fence is acceptable?

Any type of permanent fencing is acceptable as long as it is strong enough to keep livestock from getting through.

13. How do I determine exactly where a fence should be placed?

The fence should protect a 100ft strip along your eligible lake or waterway.* You may find it cost effective to build a fence that runs in a straight line that encloses a strip wider than 100ft rather than following the lakeshore or waterway.

14. What if I am unable to finish building my fence before the April 30, 2008 deadline?

If you can't finish the fence before the deadline, complete and forward your application with a note to the Tax Assistance Office. Your application will then be placed on hold.

When the fence is complete you must notify the Tax Assistance Office so the form can be processed. If notification is not received or if the work has not been completed, the application will be denied.

You may be able to claim the lesser of \$1,000, or the total basic tax reduction for all eligible former grazing areas near the current grazing areas serviced by an off-site watering facility.

15. If the benefit is for a five year commitment, will I have to complete an application in the second to fifth years?

No. Once your initial application has been approved you will automatically receive a cheque early in each of the subsequent years.

The previous year's taxes must be paid before each installment is paid. Inspections may also be made to ensure that riparian management conditions are being maintained.

16. Am I required to report the Riparian Tax Credit as income on my income tax return?

The credit should not be reported as income but should reduce the amount of net property taxes claimed.

17. If I participate now and reapply in five years and if nothing has changed, will I need to fill out an application again? How will I know if the program has been extended?

If the Riparian Tax Credit program is extended, a new application will be required. If you have participated this year, an application will automatically be forwarded to you.

18. What happens if I miss the April 30, 2008 deadline? If I miss the deadline, can I apply for the remaining four years?

Your application must be submitted by April 30, 2008 in order to be considered. Any applications received after that date will not be eligible for the tax credit. The Riparian Tax Credit program requires a commitment for five years: 2008- 2012.

19. Are any special provisions made for drought emergency?

In exceptional circumstances and where the Minister of Agriculture confirms the existence of an emergency on your land caused by drought, a written request may be made for limited use of the land.

For further clarification, please contact the Tax Assistance Office at 1-800-782-0771.

20. What is the additional tax reduction for an off-site watering facility?

It is a new benefit that began in 2007 which may pay an additional tax reduction to livestock producers who are entitled to the basic Riparian Tax Credit on eligible former grazing area.

21. What do I need to claim for the tax reduction for an off-site facility?

You would need a water pump and reservoir used only for watering livestock that are grazing near eligible former grazing areas and do not have access to a lake or waterway. The reservoir must have been constructed by the current owner applicant and must have no out flowing water channel.

22. What if I have grazing livestock on opposite sides of the waterway, and have a separate off-site watering facility on each side?

You would be eligible for an additional tax reduction for each of these facilities. The reduction would be calculated for each facility with reference only to the basic tax reduction for the eligible former grazing area on its side of the waterway.

23. What is the additional tax reduction for sloped riparian land?

It is a new benefit that began in 2007 which may pay an additional tax reduction to both crop and livestock producers who are entitled to the basic Riparian Tax Credit on eligible former crop land and eligible former grazing areas. If the natural slope towards the waterway is at least 10%, then you would be eligible for an additional tax reduction equal to 20% of your basic tax reduction.

24. Is this information available on the Web?

Yes. All documents are available on-line at: www.gov.mb.ca/finance/tao/riparian.

This form is designed to assist taxpayers applying for the tax credit. Where there is any discrepancy between the information contained on this form and the legislation governing the tax credit, the legislation prevails.

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*You may be eligible for a Riparian Tax Credit if your riparian area does not meet the guidelines. Please contact the Manitoba Tax Assistance Office at 1-800-782-0771 for more information.