



MINISTRY OF AGRICULTURE, FOOD AND RURAL AFFAIRS

Farm Property Class Tax Rate Program

Minimize Your Property Taxes

As a farmland owner in Ontario, you may be eligible to apply for a property tax reduction through the Farm Property Class Tax Rate Program.

As an eligible applicant under the program:

- Your farm residence and one acre of surrounding land will be taxed at your municipality's residential tax rate
- The remainder of the farm assessment on the property will be taxed at 25% of the residential tax rate

Farm properties that do not qualify under the program will be taxed at the residential rate.

This guide is provided for reference purposes only and is not intended as a substitute for the related *Assessment Act*. Information is subject to change without notice.

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Are you eligible?

To be eligible to apply, you must be able to answer "yes" to the following questions:

Do you own farmland?

Your property is assessed as farmland by the Municipal Property Assessment Corporation (MPAC).

Is the property being used for a farming business that generates an annual gross income of at least \$7,000?

Your property is actively being farmed by yourself or by a tenant farmer or both and all farming income and expenses have been filed with the Canada Revenue Agency (CRA). For information on exemptions, see [Annual gross farm income exemptions](#).

Does the farming business have a valid Farm Business Registration number?

The farming business must have either a valid Farm Business Registration (FBR) number issued under the *Farm Registration and Farm Organizations Funding Act, 1993* (FBR number is 6-7 digits) or a religious exemption from the Agriculture, Food and Rural Affairs Appeal Tribunal (AFRAAT). This requirement does not apply if you have an annual gross farm income exemption.

How do I get a Farm Business Registration number?

You can apply for a FBR number through [Agricorp](#). In order to qualify, your gross farming income filed with CRA in the previous income tax year must be at least \$7,000.

Are the farmland owners Canadian citizens, permanent residents of Canada or a corporation?

If the property is owned by an individual or a group of individuals, each person must be either a Canadian citizen or permanent resident of Canada.

If the property is owned by a corporation, more than 50 per cent of the voting shares must be legally owned by individuals who are either Canadian citizens or permanent residents of Canada. In other words, it **is not** sufficient if the voting shares are legally owned by another corporation and then that corporation's voting shares are owned by individuals who are Canadian citizens or permanent residents in Canada. Requirements for other ownership types can be found in the *Assessment Act* O.Reg.282/98 8.(2)3.

How to apply

Please fill out the sections on the application which apply to you, and return it to the Ministry of Agriculture, Food and Rural Affairs by the due date specified on the form. For ministry contact information, see [For More Information](#).

Section A: Non-eligible section

Complete Section A if you do not qualify for the program and do not wish to receive future mailings regarding the program. If you do not apply for the program, your property will be taxed at the residential rate. If you wish to apply for the program, leave Section A blank.

Section B: Citizenship and Contact Information

- Question 1: Answer if you own the property as an individual or co-own the property as a group of individuals.
- Question 2 and 3: Answer if the property is owned by a corporation.
- Complete contact information

Section C: Property Information and FBR Number

- Make sure each roll number, description and acreage listed is correct.
- For each roll number, indicate whether the piece of land is farmed by you or by a tenant or both.
- If the property is farmed by a tenant who gives you part of the crop as rent (sharecropping), check both the "Farmed by self" and "Farmed by tenant" boxes.
- Please provide a Farm Business Registration number (6-7 digits), as issued under the *Farm Registration and Farm Organizations Funding Act, 1993*, for each individual or company farming the property. FBR numbers are issued by [Agricorp](#).

Section D: Tenant Information

- If you have a tenant farmer or sharecropper, please ask them to fill out and sign Section D.
- If you have more than one tenant or sharecropper, photocopy Section D for each and have them complete and sign it.

Section E: Farm Business Registration Number (FBRN) Exemptions

- If the gross income from your farming business, or that of your tenant, was less than \$7,000 in the previous income tax year, you must indicate whether one of the available program income exemptions applies and contact the Ministry of Agriculture, Food and Rural Affairs to receive the additional forms required to support your claim.
- Attach the additional ministry income exemption form and requested income tax documents to your application and provide it to the ministry by the due date.

For details on exemptions, see [Annual gross farm income exemptions](#).

- The ministry will review the information you submit. If necessary, you may be asked to submit a new application or additional documentation.

- If you, your tenant, or your corporation have been granted an exemption by the Agriculture, Food and Rural Affairs Appeal Tribunal (AFRAAT) from obtaining a Farm Business Registration number or from paying the registration fee based on religious convictions or beliefs, attach a copy of the exemption letter obtained from AFRAAT.
- If the exemption is for your tenant, please ask them to fill out and sign the declaration in section D.

Section F: Property Owner Eligibility Declaration

- Carefully read the eligibility declaration and acknowledgements.
- Sign and date the form.
- If you are signing on behalf of an individual or a company, indicate your title or position. "Owner" is not an acceptable title.

Keep us informed

You are responsible for letting the ministry know about any changes that affect your eligibility. These include:

- Changes to your contact information
- Changes in your rental arrangements (i.e. a new tenant farmer)
- Changes in the structure of the farming business (i.e. a new partnership or incorporation)
- Changes that affect your FBR number (i.e. a decrease in gross farming income to less than \$7,000 per year) or an exemption status.
Note: Without a valid FBR number or an appropriate exemption, your property is not eligible under the program
- Any other circumstances that affect your participation in the program

You are responsible for making sure that any farm business on your property has a valid FBR number or an appropriate exemption. FBR numbers must be renewed by Agricorp annually.

Failing to let the ministry know about these changes, may result in program ineligibility.

I have already been approved. Why are you sending me another application form?

Each year the ministry asks a number of randomly selected property owners to fill out a new application form. Doing this helps verify information and maintain the integrity and accuracy of the ministry's database. Application forms are also sent to those who have reported a change to their farming operation, or if MPAC informs the ministry of a change in property ownership.

If you bought or sold farmland, see [Property Transfers](#).

Annual gross farm income exemptions

If you or your tenant cannot obtain a FBR number because the annual gross income of the farming business was less than \$7,000 in the previous income tax year, you may still be eligible for the program if one of the following exemptions applies:

Start-up Exemption

If you or your tenant are starting a farm operation and have not yet met the requirement of an annual gross farming income of \$7,000, you may apply for an exemption. You must clearly demonstrate that the property is being farmed and how the farming business will have an annual gross income of at least \$7,000 in future years. The length of the start-up period must be realistic for the commodity produced. The [start-up exemption form](#) is available online.

Not a Normal Production Year Exemption

You may apply for an exemption if your usual annual gross farm income is more than \$7,000, however the previous year was not a normal production year. You will need to demonstrate why the gross income for the

farm business was less than \$7,000 and how the farm business will achieve an annual gross farm income of at least \$7,000. Please contact the ministry to receive the appropriate forms needed to support your claim.

Age/Illness/Death Exemption

If you cut back on the size or scale of your farming business because of age, illness or the death of a spouse or common-law partner, you may be eligible to apply for an exemption. To be eligible for this exemption, you must meet all three of the following criteria:

1. You must own the property and carry on the farming business yourself.
2. You or your spouse must have operated the farming business for at least 10 years and have been approved under this program during this time.
3. The farming business must have reported an annual gross farm income greater than zero to Canada Revenue Agency (CRA) in the previous income tax year.

For required documentation and details on how to apply for these exemptions, please contact the ministry at 1-877-424-1300 or farmtax.omafra@ontario.ca

Confirm your assessment

The Municipal Property Assessment Corporation (MPAC) is responsible for accurately assessing and classifying more than five million properties in Ontario in compliance with the Assessment Act and regulations set by the Government of Ontario. Every four years, property owners receive a Property Assessment Notice when MPAC completes a province-wide Assessment Update. In 2016, MPAC updated the assessed value of every property in Ontario based on a January 1, 2016 legislated valuation date.

Under the phase-in provisions in the *Assessment Act*, an increase in assessed value is introduced gradually over the 2017-2020 property tax years. A decrease in assessed value is introduced immediately.

Property Assessment Notices for farms were delivered in the fall of 2016. Please review your Notice carefully to ensure your property is being accurately classified in the Farm Property Tax Class. To access a detailed report of your property or to learn more about how MPAC assesses farms, visit www.aboutmyproperty.ca <<http://www.aboutmyproperty.ca/>>

Property Transfers

If you bought farmland, the Farm Property Class application will be sent to you and must be returned within the required deadline. The standard application is for the upcoming tax year. Please contact the ministry before Dec 31 of the tax year to apply for the Farm Property Class tax rate if you purchased farmland that is currently in the Residential Property Class but meets the eligibility requirements for the program.

To ensure that your property continues to be valued as farmland and classified in the Farm Property Class:

- The lands must be actively farmed by the property owner or a tenant farmer- only actively farmed lands qualify.
- The property owner or tenant farmer must maintain a valid FBR number.

Important: MPAC will classify properties that do not meet the above criteria as residential for the following tax year. You will receive a Property Assessment Change Notice in the fall showing the change from the Farm Property Class to the Residential Class. The property will be liable for taxes at the residential tax rate.

For more information

Farm Business Registration

Agricorp

Toll Free: 1-866-327-3678

Fax: 519-826-4118

fbr@agricorp.com | www.agricorp.com <<http://www.agricorp.com/en-ca/Pages/Default.aspx>>

Property Assessment

MPAC (Municipal Property Assessment Corporation)

Toll Free: 1-866-296-6722

[www.mpac.ca](http://mpac.ca) <<http://mpac.ca/>>

Farm Property Class Tax Rate Program

Ministry of Agriculture, Food and Rural Affairs

Farm Property Class Tax Rate Program

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Tel: 519-826-4047

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For more information:

Toll Free: 1-877 424-1300

Email: farmtax.omafra@ontario.ca