

<b>CCC-926 U.S. DEPARTMENT OF AGRICULTURE (11-20-08)</b> Commodity Credit Corporation <b>AVERAGE ADJUSTED GROSS INCOME (AGI) STATEMENT</b>	1. County FSA Office or Service Center Address <i>(Include Zip Code)</i>
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**NOTE:** The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). Additionally, the authority for requesting this information is 7 CFR Part 1400 and 7 CFR Part 1410. The information requested is necessary for CCC to assist in determining eligibility for program benefits. Information about the average Adjusted Gross Income limitations can be found in the regulations at 7 CFR Part 1400. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation, and Energy Act, the Privacy Act or 1974, the E-Government Act of 2002, and related authorities. This information collection is exempted from the Paperwork Reduction Act, as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title I, Subtitle F – Administration). The provisions of criminal and civil fraud statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

2. Name and Address of Person or Legal Entity <i>(Include Zip Code)</i>	3. Identification Number <i>(Last 4 digits of SSN or Tax ID No.)</i>
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**NOTE:** Please read and complete all items. Definitions of terms such as “nonfarm income” and “farm income” are contained on Page 2.

**CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME**

4. Select the program year for which program benefits are requested *(Check only one)*.

<b>A. 2009</b> <input type="checkbox"/>	The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.	<b>C. 2011</b> <input type="checkbox"/>	The applicable 3-year period for calculation of the average AGI will be the taxable years of 2009, 2008 and 2007.
<b>B. 2010</b> <input type="checkbox"/>	The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007, and 2006.	<b>D. 2012</b> <input type="checkbox"/>	The applicable 3-year period for calculation of the average AGI will be the taxable years of 2010, 2009 and 2008.

5. Was the average adjusted gross **nonfarm income \$500,000 or less** for the applicable 3-year period for the program year selected in Item 4?  
**A. YES. B. NO**

6. Was the average adjusted gross **farm income \$750,000 or less** for the applicable 3-year period for the program year selected in Item 4?  
**A. YES. B. NO**

7. Was the average adjusted gross **nonfarm income \$1,000,000 or less** for the applicable 3-year period for the program year selected in Item 4?  
**A. YES B. NO**

8. Was the average adjusted gross farm income for the applicable 3-year period selected in Item 4 at least 66.66 percent of the average adjusted gross income (that is, both farm and nonfarm income)? **A. YES B. NO** *If “Yes” is checked, and if income includes the sale of farm equipment or production inputs and services to farmers, ranchers, foresters, and farm operations, see definition of Farm Income on Page 2.*

**By signing this form:** I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form; I certify that all information contained within this certification is true and correct; I take responsibility to timely notify FSA in writing of any changes to the farming, ranching, or forestry operation, or a change in financial status that may affect this certification; I certify that my income certifications are consistent with the tax returns filed with the Internal Revenue Service (IRS) and with the definitions specified on Page 2 of this form; I agree that at least every three years beginning no later than for the 2011 program year, or the year this person or legal entity ceases operation if that occurs first, I will submit evidence such as tax records, business documents (for review only, not for retention), or a signed third-party verification deemed acceptable by CCC to verify the average adjusted gross income, average adjusted gross farm income, and average adjusted gross nonfarm income, and that I will take the necessary actions to provide such documents or certification; If requested, I agree to authorize CCC to obtain tax data from the IRS for AGI compliance verification purposes and I will take all necessary actions required by the terms and conditions of the IRS disclosure laws so that CCC can obtain such data.

9. Signature (By)	10. Title/Relationship <i>(Individual Signing in the representative capacity)</i>	11. Date <i>(MM-DD-YYYY)</i>
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## GENERAL INFORMATION ON AVERAGE ADJUSTED GROSS INCOME

Limitations related to income levels are a statutory payment eligibility provision for a number of commodity and conservation programs administered by CCC. This certification is needed to assist in program administration. Except as may be provided in applicable program regulations, any person or legal entity requesting certain program payments, either directly or indirectly, shall be subject to this provision. Any person or legal entity that is determined to have an average adjusted gross income that exceeds specified limits shall be ineligible for the program payment subject to that limit for the applicable crop, fiscal, or program year. Further, any covered benefit issued to a legal entity, general partnership, or joint venture shall be reduced by an amount that is commensurate with the direct or indirect ownership interest in the legal entity, general partnership, or joint venture of each person or legal entity whose relevant average adjusted gross income for the relevant period exceeds the average adjusted gross income limit. These determinations will be made pursuant to, and subject to, regulations issued on behalf of the Secretary. As of the time this form was created, the applicable limits were as follows:

**For commodity, price support benefits, disaster assistance programs, and for the Milk Income Loss Compensation Program, if the person or legal entity has:**

- average adjusted gross nonfarm income greater than \$500,000, the person or legal entity is **not** eligible for payments and benefits from these programs.
- average adjusted gross farm income greater than \$750,000, the person or legal entity is **not** eligible for direct payments under the Direct and Countercyclical Program.

**For new contracts or participation in conservation programs after October 1, 2008, if the person or legal entity has:**

- average adjusted gross nonfarm income greater than \$1 million, the person or legal entity is **not** eligible, unless 66.66 percent or more of the average adjusted gross income is attributable to activities related to farming defined as "farm income" below.

Please note as indicated above that payments are further limited if persons and legal entities with an interest, either directly or indirectly, in a legal entity or partnership exceeds these same levels. Those persons and legal entities must also submit this form.

## DEFINITIONS

**Adjusted Gross Income** is the individual's or legal entity's IRS-reported adjusted gross income. A three year average of that income will be computed for the three years of the relevant base period. Base periods vary by program year as indicated on the first page of this form.

**Adjusted Gross Farm Income** is for a year that part of the adjusted gross income that is farm income as defined below. The amount will be computed for each year separately and then averaged.

**Adjusted Gross Nonfarm Income** is the difference for the year between the filer's adjusted gross income and the filer's adjusted gross farm income. The difference shall be computed for each year of the base period, and then averaged.

**Farm income means income** related to the following: production of crops, livestock, fish and aquaculture for food; the feeding and rearing of livestock; products produced or derived from livestock; production of specialty crops and unfinished raw forestry products ; processing, packing, storing and transporting farm, ranch and forestry commodities including renewable energy; production of farm-based renewable energy; the sale of land used for agriculture; sale of land or sale of easements and development rights to agricultural land, water and hunting rights, and environmental benefits; rental or lease of land or equipment used in farming, ranching, forestry operations; payments and benefits from risk management practices, crop insurance indemnities, catastrophic risk protection plans, conservation programs and government farm program payments. Proceeds from the sale of farm equipment and from production inputs to farmers and ranchers are generally considered nonfarm income. However, if for a year not less than 66.66 percent of the average adjusted gross income of the person or legal entity is derived from farming, ranching, or forestry operations, the person's or legal entity's farm income shall also include the sale of equipment to conduct farm, ranch, or forestry operations, and the production inputs and services to farmers, ranchers, foresters, and farm operations.

**Legal Entity** is a corporation, joint stock company, association, limited partnership, charitable organization, or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust, or as a participant in a similar entity, including joint ventures and general partnerships as determined by the Secretary.

**Program year** means the relevant program year as determined by CCC, for which a specific benefit is made available under a program authorized by legislation such as the Direct and Counter-cyclical Program, Milk Income Loss Contract Program, Conservation Reserve Program, Noninsured Crop Disaster Assistance Program, Supplemental Revenue Assistance Program. FSA may require additional information as necessary to make the relevant program payments.

**Third-party verification** means a signed statement from a certified public accountant (CPA) or an attorney that the person or legal entity meets the applicable AGI provisions for payment eligibility.

## HOW TO DETERMINE ADJUSTED GROSS INCOME

**Person.** For persons that file the IRS Form 1040, specific lines on that form represent the adjusted gross income and the income from farming, ranching or forestry operations.

**Trust or Estate.** For a trust or estate, the adjusted gross income is the total income and charitable contributions reported to IRS.

**Corporation.** For a corporation, the adjusted gross income is the total of the final taxable income and any charitable contributions reported to IRS.

**Limited Partnership (LP), Limited Liability Company (LLC), Limited Liability Partnership (LLP) or Similar Entity.** For an LP, LLC or LLP, the adjusted gross income is the total income from trade or business activities plus guaranteed payments to the members as reported to the IRS.

**Tax-exempt Organization.** For a tax -exempt organization, the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS.