

December 19, 2023

Minister Marie-Claude Bibeau, PC, MP
Minister of National Revenue

Minister Lawrence MacAulay, PC, MP
Minister of Agriculture and Agri-Food

RE: Harmonizing Farm Tax Forms to Build Canada's Financial Benchmarking and Reporting Capacity

Dear Ministers,

On behalf of the undersigned representatives of Canada's 190,000 farm families from coast to coast to coast, we would like to bring to your attention an important initiative being proposed by Farm Management Canada. This initiative also has the support of the Canadian Association of Farm Advisors, MNP, and BDO. Farm Management Canada also has the support of Statistics Canada (STC) as a key partner in this initiative and has held discussions on the initiative with staff within the Farm Income Programs Directorate (FIPD) of Agriculture and Agri-food Canada (AAFC) who would be responsible for this initiative and the Business Risk Management Programs Directorate (BRMPD) who would benefit significantly.

In an increasingly complex and volatile business environment where severe weather events and socio-economic changes are challenging many farms to survive, supporting farm financial management is imperative. This initiative will make Canada a world leader in farm financial data and assisting farmers to use their financial data for better risk management, decision-making and sustainable growth.

The initiative starts with harmonizing the coding used in Canada for various income tax forms used when reporting farm income. This relatively simple harmonization will enable the creation of a common farm income dataset for all farms in Canada and profoundly improve the breadth and scope of data available to farmers, industry and government and lead to streamlined administration and reduce costs for everyone involved.

With a common dataset in place, the door would open to several significant simplifications for Business Risk Management (BRM) programming (including AgriInvest and AgriStability) and fully and accurately provide widespread farm income benchmarking to every farm in Canada, which Farm Management Canada is working on with Statistics Canada.

The benefits to the sector from this initiative are widespread and significant. There are many linkages to areas outside of farm income and benchmarking including improved ability to assist in disaster situations utilizing AgriRecovery. A list of these benefits is provided as an appendix to this letter.

As mentioned, the undersigned, along with many other key groups directly involved in farm financial services, fully support this initiative. The first step in this initiative; harmonizing farm tax codes and the creation of a common dataset, requires CRA to implement. As such, we ask that you direct CRA and AAFC-FIPD staff to work with Farm Management Canada to implement this initiative.

Respectfully yours,



Appendix: Benefits to the Sector from Harmonizing Farm Tax Forms

The benefits to the agriculture and agri-food sector from harmonizing farm tax forms are widespread and significant for farmers, industry and government and include the following:

- For the first time in Canada, a complete and comprehensive view of financial data at the farm level of all farms, especially for supply managed and horticulture farms where data is currently extremely limited.
 - Supply managed farms are historically very underrepresented in datasets and thus require modeling by both Agriculture and Agri-food Canada (AAFC) and Statistics Canada (STC). This initiative would put supply managed farm level data on the same level of detail available for other sectors.
 - Horticulture farms are historically very underrepresented in datasets with the only commodity delineation available being “fruit” or “vegetable.” This has severely limited the usefulness of available data to this sector. This initiative would put horticulture farm level data on the same level of detail as available for other sectors. For example, STC for the first time will be able to produce data for apple farms specifically.
- A common farm income dataset would mean that AAFC, STC and participating provinces and territories would no longer need to perform economic modeling to account for farms not participating in programs. This significantly reduces resource requirements and increases the accuracy and timeliness of data and analysis.
- A common dataset for all farms in Canada with improved commodity details would make analysis and program implementation much easier, in particular for AgriRecovery and environmental initiatives such as those found within the Sustainable Canadian Agricultural Partnership (SCAP) and forthcoming Sustainable Agriculture Strategy.
 - An AgriRecovery example is Avian Influenza, where one of the main limiting factors to accurate analysis and cost estimates was that farm level data on poultry and egg farms is limited in the current system. The common dataset would mean that each potentially affected poultry and egg farm anywhere in Canada could be examined. Here again, this would reduce resource requirements, and increase the accuracy and timeliness of analysis and response.
 - A SCAP example would involve examining the cost structure impacts of specific management practices such as environmental stewardship practices. A common dataset for farms provides a detailed view into commodity and regionally specific issues that is currently not available.
- Harmonized farm tax codes will simplify the tax filing process for farmers and accountants, saving time and reducing costs.
- Harmonized farm tax codes will reduce resource requirements in the long run for the Canada Revenue Agency (CRA) and AAFC’s Farm Income Programs Directorate (FIPD) and provincial AgriStability administrations, streamlining processes, saving time and reducing costs.

- Harmonized farm tax codes would also allow a much simpler process for corporations in filing to AgriInvest which would eliminate the need for accountants to charge farms extra for AgriInvest form completion. This is likely to increase participation in AgriInvest, improving BRM coverage across Canada.
- Harmonized farm tax codes have the potential to reduce the resource requirements to administer AgriStability, reduce filing requirements for farmers and improve the predictability and bankability of the program.
- A common farm income dataset also offers the ability to create a comprehensive set of financial benchmarks that can assist farmers in managing their operation. This initiative includes the creation of an annual farm financial report that Statistics Canada would make available to each farm in Canada. The report would compare the farm to other farms in their province of a similar farm type and sales size. The report would be supported by Farm Management Canada, offering input to farmers on how to understand and use the report for managing risk and decision-making for increased competitiveness and sustainable growth.