

HOW TO DETERMINE ADJUSTED GROSS INCOME

Adjusted Gross Income (AGI) is the individual's or legal entity's IRS-reported adjusted gross income or equivalent (see below) consisting of both farm and nonfarm income.

Individual – Internal Revenue Service (IRS) Form 1040 filers, specific lines on that form represent the adjusted gross income

Trust or Estate – the adjusted gross income equivalent is the total income and charitable contributions reported to IRS

Corporation – the adjusted gross income equivalent 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 – 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 – the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS.

HOW TO DETERMINE INCOME FROM FARMING, RANCHING, AND FORESTRY OPERATIONS

Income received or obtained from the following sources:

<i>Production of crops, specialty crops, and raw forestry products.</i>	<i>Feeding, rearing, or finishing of livestock.</i>
<i>Production of livestock, aquaculture products used for food; honeybees; and products produced by or derived from livestock.</i>	<i>Payments of benefits, including benefits from risk management practices, crop insurance indemnities, and catastrophic risk protection plans.</i>
<i>Production of farm-based renewable energy.</i>	<i>Sale of land that has been used for agricultural purposes.</i>
<i>Sale, including easements and development rights, of farm, ranch, and forestry land, water or hunting rights, or environmental benefits.</i>	<i>Payments and benefits authorized under any program made available and applicable to payment eligibility and payment limitation rules.</i>
<i>Rental or lease of land or equipment used for farming, ranching, or forestry operations, including water or hunting rights.</i>	<i>Any other activity related to farming, ranching, and forestry, as determined by the Deputy Administrator of FSA.</i>
<i>Processing, packing, storing, and transportation of farm, ranch, forestry commodities including renewable energy.</i>	<i>Any income reported on Schedule F or other schedule used by the person or legal entity to report income from such operations to the IRS.</i>
<i>Beginning in program year 2020, wages or dividends received from a "closely held" corporation, an IC-DISC or a legal entity comprised entirely of family members may be considered farm income when the legal entity is "materially participating" in farming, ranching or forestry activities.. "Materially participating" means more than 50 percent of the legal entity's gross receipts for each tax year are derived from farming, ranching or forestry sources. A representative of the legal entity must attach a certification to form CCC-942 attesting that the legal entity "materially participates" in a farm, ranch or forestry activity.</i>	

HOW TO DETERMINE PERCENTAGE OF AVERAGE AGI FROM FARMING, RANCHING, AND FORESTRY OPERATIONS

- 1) Determine the total AGI and the total income from farming, ranching, and forestry for each of the 3 taxable years preceding the most immediately preceding complete taxable year for which benefits are requested.
- 2) Total the AGI (both farm and nonfarm income) from all 3 years.
- 3) Total the income from farming, ranching and forestry from all 3 years.
- 4) Calculate the percentage of average AGI income by dividing the result of step 3 by the result of Step 2. The percentage calculated must be equal to; or greater than 75 percent to qualify for program benefits.

This form can only be signed by the individual authorized under state law to sign as a representative of the legal entity identified in Item 3.

INSTRUCTIONS FOR COMPLETION OF CCC-942

Item No./Field name	Instruction(s)
1. Program Year	Enter the year for which program benefits are being requested. The program year entered determines the 3-year period used for the calculation of the average adjusted gross income (AGI) for payment eligibility.
2. Return Completed Form To	Enter the name and address of the FSA county office or USDA service center where the completed CCC- 942 will be submitted.
3. Individual or Legal Entity's Name and Address	Enter the individual's or legal entity's name and address.
4. Taxpayer Identification Number	Enter the <u>Last 4 Digits of the</u> taxpayer identification number for the individual or legal entity identified in Item 3.
5. Signature	Read the acknowledgments, responsibilities and authorizations, <i>before</i> signing. (INDIVIDUAL OR ENTITY)
6. Title/Relationship	Enter title or relationship to the legal entity identified in Item3.
7. Date	Enter the signature date in month, day and year.
8. Signature	Read the acknowledgments, responsibilities and authorizations, <i>before</i> signing. (CPA or Attorney Only).
9. Title	Identify Certified Public Accountant (CPA) or Attorney as applicable.
10. State/License Number	Enter applicable State the CPA or attorney is licensed to practice in, followed by the associated individual license number.
11. Date	Enter the signature date in month, day and year.