

## WHAT?

### What is the Food Donation Tax Credit for Farmers?

Passed unanimously as an amendment to the Local Food Act by the Government of Ontario in November 2013, the Food Donation Tax Credit for Farmers is a 25% non-refundable tax credit based on the fair market value of agricultural products donated by Ontario farmers to Ontario food banks and other community food programs on or after January 1, 2014.

## WHO?

### Who is eligible to receive this tax credit?

Farming corporations, as well as individual Ontario residents and their spouses who carry on the business of farming are eligible to receive this tax credit from a food bank or food program that is a registered charity under the Federal Income Tax Act.

## HOW?

### How does this tax credit work?

In order for a farmer to claim this credit, food banks must issue a gift in kind donation receipt which outlines in detail the description of the product donated, AND its fair market value. Food banks, in partnership with the farmer, will be responsible for determining the fair market value of the donated agricultural product.

## WHEN?

### When does a donation qualify for this tax credit?

The definition of “agricultural product” includes meat or meat by-products, eggs, dairy products, fish, fruits, vegetables, grains, pulses, herbs, honey, maple syrup, mushrooms, nuts, and anything else that is grown, raised on, or harvested from a farm. Donations of live food animals are also eligible for the credit if deemed suitable for, and intended to be processed as food.

## How does one determine Fair Market Value?

According to the Ministry of Agriculture, Food, and Rural Affairs (OMAFRA), “the fair market value is usually the highest dollar value you can get for those goods in an open and unrestricted market, between a willing buyer and a willing seller who are acting independently of each other. The value should be based on the quantity and quality of the goods. If a registered charity needs to verify the value of a donated item, it may wish to seek the assistance of an experienced professional”

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- Generally speaking, if the fair market value of the product is less than \$1,000, value can be determined by the food bank or the farmer as long as they are qualified to evaluate the particular donation
- Donations with a fair market value above \$1,000 must have the value determined by three sources. Both Statistics Canada and OMAFRA have agricultural product pricing lists that can be used to guide you in determining fair market value. The farmer donating the product may also assist you as the third and final source in determining fair market value.