

fact sheet



Classifying Farm Land

What land is eligible for farm class?

The Classification of Land as a Farm Regulation, B.C. Reg. 411/95, made under the Assessment Act, provides that, upon application, the following land may qualify for farm class:

- a) land used for a qualifying agricultural use;
- b) land used for purposes that contribute to a qualifying agricultural use (e.g., irrigation, access to farm outbuildings, shelter belts);
- c) land used for a farmer's dwelling;
- d) land in an agricultural land reserve (ALR) that is used for a retired farmer's dwelling;
- e) land used for the training and boarding of horses when operated in conjunction with horse rearing; and
- f) in some cases, vacant land associated with a farm.

Other requirements will also apply.

All farm structures used in connection with the farm operation, including the farmer's dwelling, will be classified as Class 1 - residential.

How do I apply?

To have land classified as a farm the next taxation year, the owner must submit a General Application for Farm Classification or a Retired Farmer's Dwelling Land Application. These forms can be found on the [Forms page](#) under "Farm Forms".

The Farm forms are also available at your local BC Assessment area office. Please submit your application form to the local office by October 31. This application is not required every year, but BC Assessment may require information periodically to support continued farm classification.

The Retired Farmer's Dwelling Land Application is available online [here](#) and at your local BC Assessment area office.

An application to have land used for a retired farmer's dwelling classified as a farm must be made every year. For the 2013 tax year only, the application deadline is March 15, 2013.

For 2014 and subsequent tax years, the deadline will be October 31.

What if only a part of my property is farmed?

Land that is used for a purpose other than farming will be classified according to that use. Land that has no present use and located in the ALR may qualify for farm class if part of the parcel is farmed. If the land is not in the ALR, unused land may qualify for farm class if part of the property is farmed, the land is not zoned or held for business, commercial or industrial purposes, and:

- it meets a prescribed highest and best use test;
- at least 50% of the land outside the ALR is in production or contributes to production, provided the land is farmed by the owner; or
- at least 25% of the land outside the ALR is in production, and the farm meets a higher income requirement, provided the land is farmed by the owner.

Why does BC Assessment need to know about my farm income?

To receive and maintain farm class, the land must generate income from one or more qualifying agricultural uses.

Income for the purposes of farm class will be calculated based on the farm gate amount you receive for your

qualifying agricultural products. This income must be generated in one of two relevant reporting periods (i.e., once every two years).

For the 2014 and subsequent tax years, the relevant reporting periods will be:

- a) the person's income tax year ending in the calendar year that is two years before the tax year (e.g., the income tax year ending in 2013 for the 2015 tax year); and
- b) the person's income tax year ending in the calendar year that is three years before the tax year (e.g., the income tax year ending in 2012 for the 2015 tax year).

With respect to new farm applications and developing farms, income earned in the taxation year the application is made or production commences (as applicable), may qualify land for farm class the following tax year. There is a different reporting period applicable in these situations because there is no history of farming.

You must sell qualifying agricultural products in each reporting period (i.e., every year). Crops grown for home consumption will not be considered part of your farm income. Minimum income requirements are calculated as follows:

- a) \$10,000 on land less than .8 hectares (1.98 acres);
- b) \$2,500 on land between .8 hectares (1.98 acres) and 4 hectares (10 acres);
- c) on land larger than 4 hectares (10 acres), you must earn \$2,500 plus five per cent of the actual value of any farm land in excess of 4 hectares;
- d) \$10,000, in order to qualify unused land where the area in production by the owner makes up at least 25 per cent of the portion of the parcel outside the ALR. Some sales of qualifying agricultural products must occur every year.

What is "qualifying agricultural use"?

For the purposes of farm classification, qualifying agricultural use is:

- apiculture
- aquaculture
- Christmas tree culture (plantation and cultured native stand)
- dairying
- floriculture
- forage production
- forest seedling and seed production
- fruit and vegetable production
- grain and oilseed production
- herb production
- horticulture
- intense cultivation of plantations of *Populus* species (Poplar trees) and *Salix* species (Willow trees)
- management of the *Betula* species (Birch trees) and the *Acer* species (Maple trees) for the production of sap or syrup
- raising insects for biological pest control
- livestock raising (includes dairying, horse rearing, poultry and egg production, wool, hide, feather or fur production, raising animals for food for human or animal consumption)
- medicinal plant culture
- seed production
- turf production
- raising crops for food for human or animal consumption

The following are not considered qualifying agricultural uses:

- (a) the production of manufactured derivatives from agricultural raw materials;
- (b) the production of qualifying agricultural products for domestic consumption on the farm;
- (c) the production of agricultural by-products other than breeding products;
- (d) agricultural services other than horse stud services; or
- (e) breeding and raising of pets, except horses.

What does "farm gate amount" mean?

Farm gate amount is the dollar value you receive from direct farm sales, the value of qualifying agricultural products that are used for processing, or, in some cases, crop or livestock insurance payments. In the case of

livestock, farm gate amount means the live weight sale price, less any purchase costs and less any slaughter, cut and wrap costs.

What happens if I cannot supply sales receipts?

In the absence of receipts, BC Assessment staff may rely on local market prices or other local sources. You may be required to provide a sales log or other proof of farm sales.

As a result of the changes to the reporting periods, we recommend that you keep receipts, sales logs or other proof of farm income for at least a three-year period.

What happens if my farm does not meet the income requirements, if I fail to provide necessary information, or I stop farming?

BC Assessment will remove the property from the farm class.

Can I apply to have the farm class re-instated in the future?

Yes. If you re-apply for farm classification and meet the prescribed qualifications, your property can qualify for farm class.

How do I maintain farm class on my land?

Property already classified as farm land must continue to meet the requirements to receive farm class for the following year. BC Assessment may ask you to provide additional information in support of continued farm classification. Failure to provide the required information about your farm operation will result in the removal of farm classification from your property.

What if I buy a property that is already classified "farm"?

If you plan to continue to farm the property, you are required to submit a [General Application for Farm Classification](#) to BC Assessment after you purchase the property. If you are not planning to continue to farm the property, please contact BC Assessment and notify the staff of your plans to cease agricultural activity.

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Disclaimer: Where information presented is different from legislation, legislation shall prevail.