

Agricultural Tax Strategies

Solutions to Grow Your Operation

Every year, tax laws and interpretations change and become more complex – making it difficult for agriculture businesses to not only comply, but also maximize the returns to their farm business. That’s why it is important to work with a team of tax advisors who have the history, expertise and the industry insight to help you stay competitive and profitable in such a dynamic industry.

How MNP can help

MNP recognizes agriculture has always been one of Canada’s most prominent industries. Since 1958, MNP’s agriculture team has proudly worked alongside farmers and processors to monitor their changing needs and deliver personalized strategies that help them achieve their personal and business goals. We understand your business plan is an evolutionary process and must be adapted as family dynamics change and the farm business matures. We also know what it takes to ensure you pay the least amount of tax and realize as many benefits from your operation as possible.

Choosing the right business structure for you

The taxation of your farm operation will vary according to your organizational structure. When choosing an appropriate structure for your farm business, it is important to consider your tax situation, level of management control, costs associated with the particular business structure and your farm succession options. Since each business structure comes with advantages and limitations, your optimal business structure depends on your personal business circumstances. By working closely with you, we’ll help you determine the structure that best meets your current and future needs.

After gaining a comprehensive understanding of your operation and your business goals, your MNP advisor will discuss the various options and help you determine which is the best one for you.

Tailored tax strategies

Whatever business structure you choose, MNP works with you to prepare a strategic plan that incorporates the following:

Optimizing the lifetime capital gains deduction

The Income Tax Act provides individuals with a lifetime capital gains exemption of \$1 million on the disposition of qualified farm property.

If you plan to sell or restructure some or all of your farm operation, or sell some farm land, you will want to take the time to plan this properly. At MNP, we will work to optimize this deduction for multiple family members, without triggering the potential traps and anti-avoidance rules that can increase your tax liability.

Asset protection and tax minimization solutions

At MNP, we understand the importance of keeping your assets safe. A reorganization to separate operations and assets can help in many ways, such as facilitating in the division of farming and non-farming assets among children. It’s also an effective way to plan for a future asset or share sale and allows you to take advantage of the lifetime capital gains deduction.

Succession planning

An effective tax strategy is an important part of every succession plan. Our MNP Tax Advisors are experienced in utilizing the preferential provisions of the Income Tax Act which allows farmers to transfer farm property, interests in family farm partnerships, or shares of family farm corporations to their children on a tax-deferred basis. We help you distribute assets between farming and non-farming children without jeopardizing the ongoing viability of your operation, as well as discuss strategies to effectively structure your succession plan accordingly.

Protecting your retirement income

Parents’ retirement income is often dependent on the continued economic health of their farming operation. MNP can assist with strategies to help parents protect their retirement investment, such as retaining control of the farm corporation and securing loans owed by the farm corporation, while still transferring ownership to the next generation.

