

**NOVA SCOTIA
FOOD BANK TAX CREDIT FOR FARMERS
GUIDELINES**

**Nova Scotia Department of Finance and Treasury Board
Taxation and Federal Fiscal Relations Division**

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Guidelines for the Food Bank Tax Credit for Farmers

Overview

The Food Bank Tax Credit for Farmers is a non-refundable income tax credit for individuals or corporations that carry on the business of farming and donate agricultural products to eligible food banks in Nova Scotia. The credit is 25 per cent of the fair market value of the agricultural products donated and is available for donations made on or after January 1, 2016.

Where there is a conflict between the information contained in these Guidelines and the Legislation and Regulations, the Legislation and Regulations governing the Food Bank Tax Credit will take precedence over the guidelines, advance ruling or any other published information. The legislative authority for the credit is contained in Section 50A of the Income Tax Act and the associated Regulations.

Who is eligible?

An eligible person means:

- an individual who carries on the business of farming in Nova Scotia or the individual's spouse or common-law partner, or
- a corporation that carries on the business of farming in Nova Scotia.

A trust is not entitled to claim this tax credit.

“Carries on the business of farming” is an interpretation that is made by the Canada Revenue Agency (CRA).

What is a Qualifying Donation?

A donation is a qualifying donation for a taxation year if:

- it is a donation of one or more agricultural products produced in Nova Scotia by an eligible person; and
- it is donated by an eligible person to an eligible food bank.

What agricultural products are eligible?

An agricultural product means:

- any item that may legally be sold, distributed or offered for sale in Nova Scotia at a place other than the premises of the producer of the item as food intended for human consumption and that is grown or harvested on a farm, including all of the following items:
 - fruits
 - vegetables
 - grains
 - pulses*
 - herbs
 - honey
 - maple syrup
 - mushrooms
 - nuts

** Pulses are part of the legume family, but the term “pulse” refers only to the dried seed. Dried peas, edible beans, lentils and chickpeas are the most common varieties of pulses.*

- an item listed above that has been processed is an agricultural product only if the item was processed no more than necessary to permit it to be legally sold, distributed or offered for sale in Nova Scotia at a place other than the premises of the producer of the item as food intended for human consumption.

What is an Eligible Food Bank?

An eligible food bank is a person or entity:

- that distributes food in Nova Scotia without charge for the relief of poverty as part of its mandate,
- that is registered as a charity under the *Income Tax Act* (Canada).

Nova Scotia 211 maintains a [list of food banks in the Province](#). However, not every food bank is registered under the federal *Income Tax Act*. Please check on [Canada Revenue Agency's \(CRA\) website](#) to confirm a food bank's registry before making donations.

How is the fair market value of an agricultural product determined?

The fair market value is usually the highest dollar value one can obtain for that property in an open and unrestricted wholesale or retail market, as applicable, between a willing buyer and a willing seller who are acting independently of each other.

The farmer making the donation of an agricultural product has the responsibility to provide supporting documentation of the fair market value to the eligible food bank. This will normally consist of a receipt or evidence showing the value received for the recent sale of the agricultural product.

In addition, it will be the farmer's responsibility to weigh the eligible agricultural product.

What should be included on a receipt from an eligible food bank?

Food banks are responsible for the issuance of receipts to the "eligible person".

A donation receipt issued for the purposes of the charitable gift tax credit may also be used for the food bank tax credit.

The description of the gift must provide sufficient detail to establish that the gift was an eligible agricultural product as well as listing the weight and value. Gifts of non-eligible products should be recorded separately on the receipt.

CRA provides information for charities on [requirements for issuing donation receipts](#).

How to calculate the tax credit?

For individuals or sole proprietors, the amount of the tax credit depends on how much you give and is calculated as 25 per cent of the value of the qualifying donations. You must also claim the qualifying donations under the charitable donations tax credit in the same year.

For corporations, the tax credit is equal to 25 per cent of the corporation's qualifying donations for the tax year. The corporation must also claim the qualifying donations under the charitable donations tax credit in the same year.

How do I claim the tax credit?

Individual or a sole proprietor:

Claim the credit by filing a completed [Form NS 428](#) with your personal income tax and benefit return (T1 return).

If you file your return electronically, you need to keep all your receipts and documents in case CRA asks to see them at a later date.

If you file a paper return, attach your completed [Schedule 9](#) but do not send any other documents. Keep all your receipts and documents in case CRA asks to see them at a later date.

Corporation:

Claim the credit by filing a completed [Schedule 2](#), Charitable Donations and Gifts, with your corporation income tax return (T2 return).

Receipts do not have to be attached to your corporate income tax return. Keep all official receipts in case you are asked for them later during an audit.

Who to Contact

For further information, please contact:

[Canada Revenue Agency](#)

Personal Income Tax Toll-Free: 1.800.959.8281

Business Tax and HST Toll-Free: 1.800.959.5525