

# factsheet



## Classifying Land Leased to Farmers

BC Assessment

Land may qualify as a farm in two ways. First, the owner may farm the property and meet the requirements outlined in B.C. Regulation 411/95 (Standards for the Classification of Land as a Farm) of the *Assessment Act*. Second, the owner may lease all or part of the property to a farmer for the purposes of primary agricultural production. In this case, the leased land may be eligible for farm classification.

### Income Requirement

In order to qualify for farm classification, land leased to a farmer must make a reasonable contribution to the farm operation.

If a property is leased to a farmer who farms other property, the lessee's entire farm must meet the income requirement from the sale of primary agricultural production based on the acreage of all the properties that combine to form the farm.

If a property is leased to a farmer who does not farm other property, the primary agricultural production on the leased parcel(s) must meet the income requirement based on the acreage of the leased land.

If the owner leases part of the property to a farmer and farms the remaining area, the lessee's farm activities qualify the leased land based on its contribution to the production for that farm operation. The owner must meet the income requirement for the remaining area of land independently.

The lease or rental amount is not considered as qualifying income from the sale of primary agricultural products.

### Lease

The owner must submit an [Application for Farm Classification](#) and a copy of a current lease to the assessor. A sample is on the reverse side of this fact sheet. The lease document must contain the names and signatures of the lessee (farmer) and lessor (owner) the legal or other well-defined description of the land being leased, the commencement date, the

signing date, the duration of the lease, size of the lease area, rent or other compensation paid for the lease, and the intended use of the leased land. The farm application must contain details of the lessee's farm production and income.

The onus is on the property owner to ensure that a current lease is filed with the assessor in order to maintain farm classification on the leased property.

### Split Classification

A single property may be split into two or more property classes if it has multiple uses. For example, if a portion of the property is leased to a farmer and is used for production, that portion is eligible for farm classification. If the remaining area is used for residential purposes, it will be classified and valued as residential property.

### Reclassification

A leased property will be reclassified if:

- the farmer fails to meet the income and production requirements for the farm operation
- the property ceases to be used for primary agricultural production
- a lease expires and a new lease is not submitted to the local assessor, or
- The owner or lessee does not provide other requested information in support of continued farm classification, such as farm income and receipts

### Crop Share Agreements

When an owner leases the property to a farmer under a crop-share agreement, the land that is farmed will be eligible for farm class, while the land beneath a residence will not be eligible unless the occupant is involved in the day-to-day activities of the farm.

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### Crown Tenures

Most Crown tenures for agriculture and grazing are assessable and taxable. However, grazing licences or permits, if granted under the *Range Act*, are not liable to assessment. The land will only be classified as a farm if the lease holder submits an application for farm classification. If satisfied that the farm meets the other requirements of the farm Standards, the assessor may classify all or part of the land as a farm.

You are encouraged to provide the application to your BC Assessment area office Assessor by October 31 to ensure that the correct information appears on the following year's assessment notice.

For more information, contact your area [BC Assessment office](#) or visit [www.bcassessment.ca](http://www.bcassessment.ca). Applications for farm classification are located at <http://www.bcassessment.bc.ca/pdf/forms/FarmClassForm.pdf>

### Application for Farm Classification on Leased Land

If you are leasing all or part of your property to a farmer, please complete an [Application for Farm Classification](#) along with the lease agreement below, or provide a copy of your lease document. Be sure to provide the same information that is requested in the sample lease agreement. The production and sales generated by the lessee's entire farm must be included in the application. The lease fee does not qualify as farm income.

SAMPLE LEASE FORM			
Assessment Roll No. _____			
<i>or</i>			
Legal Description _____			
Lease Start Date _____	Term of Lease _____	years	Lease Expiry Date _____
Lease Fee: \$ _____	Use of leased land:	<input type="checkbox"/> Pasture	<input type="checkbox"/> Crop <input type="checkbox"/> Other (specify)
Please Check (what is included in the lease?)			
<input type="checkbox"/> Land	<input type="checkbox"/> Farm Buildings	<input type="checkbox"/> House	Area Leased _____ acres (or) _____ hectares
Lessor Name (owner) _____		Lessee Name (farmer) _____	
Address _____		Address _____	
City _____	Postal Code _____	City _____	Postal Code _____
Telephone # _____		Telephone # _____	
Signature _____	Date _____	Signature _____	Date _____