

REVENUE LOSS ASSISTANCE

Pandemic Assistance Revenue Program (PARP)

Overview

USDA is providing critical support to producers impacted by the effects of the COVID-19 outbreak through the Pandemic Assistance Revenue Program (PARP). PARP provides direct financial assistance to producers of agricultural commodities who suffered at least a 15% loss in gross revenue in calendar year 2020 due to the COVID-19 pandemic. Payments to eligible producers will be based upon a comparison of the producer's gross revenue from 2020 compared to either 2018 or 2019, as elected by the producer.

The Farm Service Agency (FSA) extended the PARP deadline to July 14, 2023. The original deadline was June 2.

PARP Benchmark Years

To be eligible for PARP, an agricultural producer must have been in the business of farming during at least part of the 2020 calendar year and had a 15% loss in allowable gross revenue for the 2020 calendar year, as compared to:

- The 2018 or 2019 calendar year, as elected by the producer, if they received allowable gross revenue during the 2018 or 2019 calendar years, or
- the producers' expected 2020 calendar year allowable gross revenue if the producer had no allowable gross revenue in 2018 or 2019.

Who is Eligible

To be eligible for payments, persons or legal entities must:

- Be a U.S. citizen, resident alien, partnership, corporation, limited liability company, or other organizational structure organized under State law, Indian Tribe or Tribal Organization, or a foreign person or foreign entity who meets certain eligibility requirements;
- Be an eligible producer who was entitled to a share in the agriculture commodity or would have shared had the agriculture commodity been produced and marketed;
- Have been in the business of farming to produce an agricultural commodity during any part of calendar year 2020;
- Have suffered a 15 percent or more gross revenue loss in 2020 compared to either 2018 or 2019;
- Comply with the provisions of the "Highly Erodible Land and Wetland Conservation" regulations, often called the conservation compliance provisions;
- Not have a controlled substance violation;



- Submit a complete PARP application form (FSA-1122) and provide all required documentation as specified in the documents section below.

To be eligible for payments, a person or legal entity must have an average adjusted gross income (AGI) of less than \$900,000 for tax years 2016, 2017, and 2018 or have an adjusted gross income of less than \$900,000 for tax year 2020 if exceeding average AGI. With respect to joint ventures and general partnerships, this AGI provision will be applied to members of the joint venture and general partnership.

Eligible Commodities

An agricultural commodity means a crop, aquaculture, livestock, livestock byproduct, or other animal or animal byproduct that is produced as part of a farming operation and is intended to be commercially marketed. It includes only commodities produced in the United States, and commodities produced outside the United States by a producer located in the United States and marketed inside the United States.

It excludes:

- Wild free-roaming animals;
- Horses and other animals used or intended to be used for racing or wagering;
- Aquatic species that do not meet the definition of aquaculture;
- Cannabis sativa L. and any part of that plant that does not meet the definition of hemp; and
- Timber.

How to Apply

Eligible producers can apply by completing the FSA-1122, Pandemic Assistance Revenue Program (PARP) Application, and submitting it to any FSA county office. A complete application includes all of the following:

- **FSA-1122, Pandemic Assistance Revenue Program (PARP) Application**
 - Applicants must complete and sign the PARP application and submit it to any Farm Service Agency county office nationwide. The applicant must certify to the gross revenue for 2018 or 2019 and 2020 on the FSA-1122.
- **AD-2047, Customer Data Worksheet**
 - This form will be filled out for all individuals and legal entities (including entity members) who have not previously provided their personal information to USDA that positively identifies the customer.
- **CCC-902, Farm Operating Plan**
 - Individual and legal entities will fill out the CCC-902 to facilitate the administration of the payment limitation and eligibility requirements, including providing members' names and taxpayer identification numbers.
- **CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information**
 - This form is required for the 2020 program year for the person or legal entity, including the legal entity's members, partners, shareholders, heirs or beneficiaries, if not already on file.
- **FSA-1123, Certification of 2020 AGI, if applicable**
 - This form may be used by persons or legal entities that exceed the average AGI \$900,000 threshold. Persons or legal entities may otherwise meet AGI requirements if their 2020 AGI is \$900,000 or less.
- **AD-1026, Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification**
 - All applicants must complete the AD-1026. If the applicant does not have any farming interests, this can be certified in box 5A. If the applicant does have a farming interest, the form must be completed in its entirety.



- **Other Documentation**

- If requested by USDA, the applicant must provide documentation to verify eligibility and the information included on the application, such as evidence that supports the gross revenue the applicant certified to, such as receipts, tax returns, and other documentation that is determined acceptable by USDA as valid evidence.

Where to File Your Application

FSA staff at your local USDA Service Center will work with you to file your applications. Applications may be submitted by mail, fax, hand delivery, or via electronic means. Please call your FSA office prior to sending applications electronically for instructions and assistance. The PARP application and associated forms are available online at farmers.gov/parp.

Allowable Gross Revenue

Allowable gross revenue includes all revenue a producer received on a "cash basis" method during the applicable calendar year and reportable to IRS on Schedule F or some other Federal tax form. Allowable gross revenue does NOT include costs or expenses associated with revenue generated by the farming operation.

Allowable gross revenue must have been received from the production or sale of an ag commodity including crops, aquaculture, livestock, livestock byproduct, or other animal or animal byproduct. The commodity must have been produced in the U.S. or produced outside the U.S. by a producer located in the US and marketed in the U.S.

How to Determine Allowable Gross Revenue

(All revenue a producer received reportable to IRS on a “cash basis method” during the applicable calendar year).

The table below provides guidance for determining allowable gross revenue sources and shows what to include and exclude.

PROGRAM	PARP	
SOURCE	ALLOWABLE REVENUE	EXCLUDE GROSS REVENUE
<p>SCHEDULE F LINE 1C</p> <p>“Sales of purchased livestock and other resale items,” or information that could be reported on Scheduled F</p>	<p>Sales of agricultural commodities purchased for resale, less the cost or other basis of such commodities.</p> <p>Note: Include CCC loan proceeds if elected to be treated as income in a prior year less the tax basis in year of repayment.</p>	<p>Resale of items not held for characteristic change</p>
<p>SCHEDULE F LINE 2</p> <p>Sales of livestock, produce, grains, and other products you raised or information that could be reported on a Schedule F</p>	<p>Sales of ag commodities produced by the producer, including sales resulting from value added through post-production activities.</p> <ul style="list-style-type: none"> • Inventory carried over from the prior tax year • Post-production activities (value added) i.e., grapes into wine or strawberries into jam. • Commodities not grown in the U.S. (if grown by U.S. producer and marketed in the U.S.) • IC-DISC income from the sale of agricultural commodities • Revenue from raised breeding livestock (Schedule 4797 Part 1 and 2, Column (d) or other information that could be reported on a Schedule F) <p>NOTE: the sale of eligible aquatic species must be raised by a commercial operator and in water in a controlled environment</p>	<ul style="list-style-type: none"> • Wild free-roaming animals • Horses and other animals used for racing or wagering • Aquatic species that are NOT grown: <ul style="list-style-type: none"> • as food for human or livestock consumption, • for industrial or biomass uses, • as fish raised as feed for fish that are consumed by humans, or • as ornamental fish propagated and reared in an aquatic medium. <p>Cannabis sativa L. and any part of that plant including the seeds, thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis, that is grown under a license or other required authorization issued by the applicable governing authority that permits the production of hemp</p>
<p>SCHEDULE F LINE 3A & 3B</p> <p>“Cooperative distributions,” Form 1099-PATR, or information that could be reported on a Schedule F</p>	<p>The amount of cooperative distributions directly related to the sale of agricultural commodities produced by the applicant</p>	
<p>SCHEDULE F LINE 4A</p> <p>“Agricultural program payments”, Form 1099-G, or information that could be reported on a Schedule F</p>	<p>Payments received under the following programs regardless of crop year or program year:</p> <ul style="list-style-type: none"> • ARC/PLC • BCAP • DMC • LDP, MLG • MFP • MPP Dairy • Seafood Trade Relief Program (STRP) • Pandemic Market Volatility Assistance Program (PMVAP) 	<p>Pandemic Assistance from:</p> <ul style="list-style-type: none"> • CFAP 1 • CFAP 2 • PLIP • SMHPP <p>NOTE: If a CFAP payment was received in calendar year 2020, and was included on Schedule F line 4a for calendar year 2020, the amount of the CFAP payment received will need to be deducted from that line item amount when figuring 2020 allowable gross revenue.</p> <p>Any pandemic assistance payments that were not for the loss of agricultural commodities or the loss of revenue from agricultural commodities, including, but not limited to:</p> <ul style="list-style-type: none"> • cost-share assistance • loss of buildings, etc. <p>Other Programs:</p> <ul style="list-style-type: none"> • Conservation Program Payments • 2020 Emergency Relief Program <p>NOTE: The PARP software will automatically deduct all payments received from the Pandemic programs listed above and the 2020 ERP program during the payment calculation.</p>

PROGRAM	PARP	
SOURCE	ALLOWABLE REVENUE	EXCLUDE GROSS REVENUE
<p>SCHEDULE F LINE 5A - 5C</p> <p>“Commodity Credit Corporation (CCC) loans reported under election,” Form 1099-A, or information that could be reported on a Schedule F</p>	<p>CCC loans reported under election if elected to be treated as income and reported to IRS</p>	
<p>SCHEDULE F LINE 6</p> <p>“Crop insurance proceeds and federal crop disaster payments” or information that could be reported on a Schedule F</p>	<p>Crop insurance proceeds received from FCIC or a private plan of insurance regardless of crop year or program year.</p> <p>Federal disaster program payments under the following programs regardless of crop year or program year.:</p> <ul style="list-style-type: none"> • 2017 WHIP • ELAP • LFP • LIP • NAP • MLP • OFSLP • TAP • WHIP+ <p>Payments through grant agreements with FSA for losses of eligible crops</p> <ul style="list-style-type: none"> • Grants from the Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), and state program funds for the direct loss of eligible crops or the loss of revenue for eligible crops 	
<p>SCHEDULE F LINE 7</p> <p>“Custom hire (machine work) income,” or information that could be reported on a Schedule F</p>		<p>Custom hire income</p>
<p>SCHEDULE F LINE 8</p> <p>“Other income, including federal and state gasoline or fuel tax credit or refund,” or information that could be reported on a Schedule F</p>	<p>Other revenue directly related to the production of agricultural commodities that IRS requires the applicant to report as income including but not limited to:</p> <ul style="list-style-type: none"> • Federal and State gas/fuel tax credits • Income from by-passed (unharvested) acres • Commodity specific income received from state or local governments. • Revenue earned as a cattle feeding operation 	<ul style="list-style-type: none"> • Income from a pass-through entity such as an S Corporation or Limited Liability Company (LLC) • Certificate Exchanges • Net gain from hedging or speculation • Wages, salaries, and tips • Cash rent • Rental of equipment or supplies • Revenue earned as a contract producer

Note: An applicant is not required to have filed a Schedule F to determine allowable gross revenue. If an applicant did not file a Schedule F, the applicant will use the applicable federal tax form filed to determine allowable gross revenue in the same manner as if a Schedule F was filed.

Payment Calculation

PARP payments are made to a producer suffering a 15% or greater loss of allowable gross revenue in 2020 compared to allowable gross revenue from 2018 or 2019 (elected by the producer).

Payments will be based on the applicant's allowable gross revenue from 2018 or 2019 (elected by the producer), minus gross revenue from 2020, multiplied by 80 percent (or 90 percent for beginning farmers and ranchers, limited resource farmers and ranchers, socially disadvantaged farmers and ranchers or veteran farmers and ranchers who have completed form CCC-860), minus prior applicable pandemic assistance received.

FSA will issue payments after the application period ends. USDA may prorate final payments or establish a lower maximum payment limitation if total calculated payments exceed the total funding allocated for PARP.

Payment Limitation and Adjusted Gross Income

The total amount of PARP payments that a person or legal entity (excluding general partnerships and joint ventures) may receive is \$125,000.

Payments to a program applicant that is a joint operation, including a general partnership or joint venture, cannot exceed \$125,000 (or the reduced maximum payment limitation, if applicable) per person or legal entity that comprise first-level ownership of the general partnership or joint venture, unless the first level member is another joint operation.

Payments made to a legal entity will be attributed to the persons or legal entities with an ownership interest in the legal entity. For example, a \$2,000 PARP payment made to a legal entity with two members, each with 50 percent ownership share in the entity, is attributed to the legal entity and each of its members. In this example, \$2,000 is attributed to the legal entity and \$1,000 is attributed to each of the entity's members. Amounts are summed from all businesses the legal entity or its members have an interest in and limited by PARP's maximum payment limitation, \$125,000. A payment reduction is applied when the entity or any of its members reaches \$125,000. PARP payments will be attributed to individuals and legal entities until the attribution is made only to an individual person, except the attribution will stop at the fourth level of ownership. Payments to a legal entity will be reduced based on ownership interests held by members below the 4th level of ownership.



Payments made directly or indirectly to a person who is a minor child will NOT be combined with the earnings of the minor child's parent or legal guardian.

Who to Call for Help

Applicants interested in one-on-one support with the PARP program application can contact our call center at 877-508- 8364 to speak directly with a USDA employee ready to offer assistance.

For More Information

This fact sheet is for informational purposes only; other restrictions may apply. For more information about the PARP program, visit farmers.gov/parp or contact your local FSA office. To find contact your local FSA office, visit farmers.gov/service-center-locator.