USDA Farm Service Agency
U.S. DEPARTMENT OF AGRICULTURE

# Payment Eligibility and Payment Limitations

2026 and Subsequent Years

## Overview

Congress and the USDA have established requirements to ensure that farm program payments only go to farmers who are "actively engaged in farming." The 2018 Farm Bill, as amended, extends the payment eligibility and payment limitation requirements for the 2026 and subsequent program years.

## Qualified Pass-Through Entity

The term "qualified pass-through entity" includes a partnership, an S corporation, a limited liability company that is taxes as a partnership, a joint operation, or similar entity.

### Actively Engaged in Farming

To be considered as "actively engaged in farming," a person or legal entity (partnerships, corporations, and so forth) must provide significant contributions to the farming operation. Contributions include capital, land and/or equipment and active personal labor and/ or active personal management. The active personal management contribution must be critical to the profitability of the farming operation. All contributions to the farming operation must be at risk of loss.

### Payment Eligibility Provisions for Qualified Pass-Through Entities Comprised of Non-Family Members or Partners, Stockholders or Persons with an Ownership Interest in the Farming Operation

Qualified pass-through entities comprised of non-family members must document the actions of the members who make significant contributions of management to the farming operation, defined as 500 hours of specific management activities per year, or 25 percent of the total management time necessary for the success of the farming operation. Most farming operations conducted by qualified pass-through entities with non-family members will be limited to only one member who can meet "actively engaged in farming" requirements and qualify for payments based solely on the documented contribution of active personal management. Operations that can demonstrate that they are large or complex farming operations, may be allowed an additional manager. Similarly, an operation that can demonstrate that it is a large and complex farming operation may qualify a third manager for payment but only if all three managers can document substantial management contributions to the operation.

The 2018 Farm Bill expands the definition of family member to include a first cousin, niece and nephew. The addition of first cousin, niece and nephew to the definition applies to all payment eligibility determinations, where applicable, effective beginning with the 2019 program year.

### For More Info

For more information on FSA programs, eligibility and related information, visit fsa.usda.gov.

**Find your local USDA Service Center**

To locate your local FSA office, visit farmers.gov/service-locator.

### Additional Payment Eligibility Requirements

Each partner, stockholder or member with an ownership interest must contribute active personal labor and/or active personal management to the farming operation on a regular basis. The contribution must be identifiable and documentable and separate and distinct from the contributions made by any other partner, stockholder or member. If any partner, stockholder or member with an ownership interest fails to meet this requirement, program payments will be reduced by the corresponding share held by that partner, stockholder or member.

There is an exception allowed if total payments received both directly and indirectly by the legal entity and its members do not exceed a single payment limitation.

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# How it Works

## Exceptions to the General Requirements

A person or legal entity that is also a landowner is considered "actively engaged in farming" if the person or legal entity landowner contributes the land to a farming operation and in return receives rent or income for the use of the land. The landowner's share of the profits or losses from the farming operation must also be commensurate with the landowner's contributions to the farming operation; the contributions must be at risk of loss.

If one spouse has been determined to be "actively engaged in farming," the other spouse will also be viewed as having met the significant contribution of active personal labor or active personal management in that same farming operation and toward meeting the requirements of "actively engaged in farming."

Sharecroppers may be considered "actively engaged in farming" if the sharecropper makes a significant contribution of active personal labor to the farming operation and in return receives a specified share of the crop or crops produced on the farm. The sharecropper's share of the profits or losses from the farming operation must be commensurate with the sharecropper's contributions; the contributions must be at risk of loss.

## Cash Rent Tenants

A cash-rent tenant is ineligible to receive payments on cash-rented land unless the tenant makes a significant contribution of active personal labor. If the cash-rent tenant does not provide labor, he or she must make a significant contribution of both active personal management and equipment to the farming operation. All other "actively engaged in farming" requirements apply as well.

## Foreign Persons

Foreign persons, other than permanent residents with a valid I-551, are not eligible to receive certain benefits under some programs such as the Agriculture Risk Coverage and Price Loss Coverage programs and other specific programs, unless the person provides a significant contribution of capital, land and active personal labor to the farming operation. Under some other programs (such as the Supplemental Disaster Assistance Programs, the Market Facilitation Program, or others), foreign persons are excluded from program eligibility altogether regardless of contributions to a farming operation.

## Notification Requirements

Every legal entity earning payment must report to its local FSA committee the name and social security number of each person who owns, either directly or indirectly, any interest in that legal entity.

The legal entity is also required to inform all members of the rules regarding payment eligibility and payment limitation.

## Direct Attribution

The 2018 Farm Bill, as amended, establishes a maximum dollar amount that can be received annually for each program, directly or indirectly, by each person or legal entity.

Such limitations on payments are controlled by direct attribution. Program payments made directly or indirectly to a person are combined with the pro rata interest held in any legal entity that received payment, unless the payments to the legal entity have been reduced by the pro rata share of the person.

Program payments made directly to a legal entity are attributed to those persons who have a direct and indirect interest in the legal entity, unless the payments to the legal entity have been reduced by the pro rata share of the person. Payment attribution to a legal entity is tracked through four levels of ownership.

If any party to the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the indirect interest of the fourth level entity in the payment entity.

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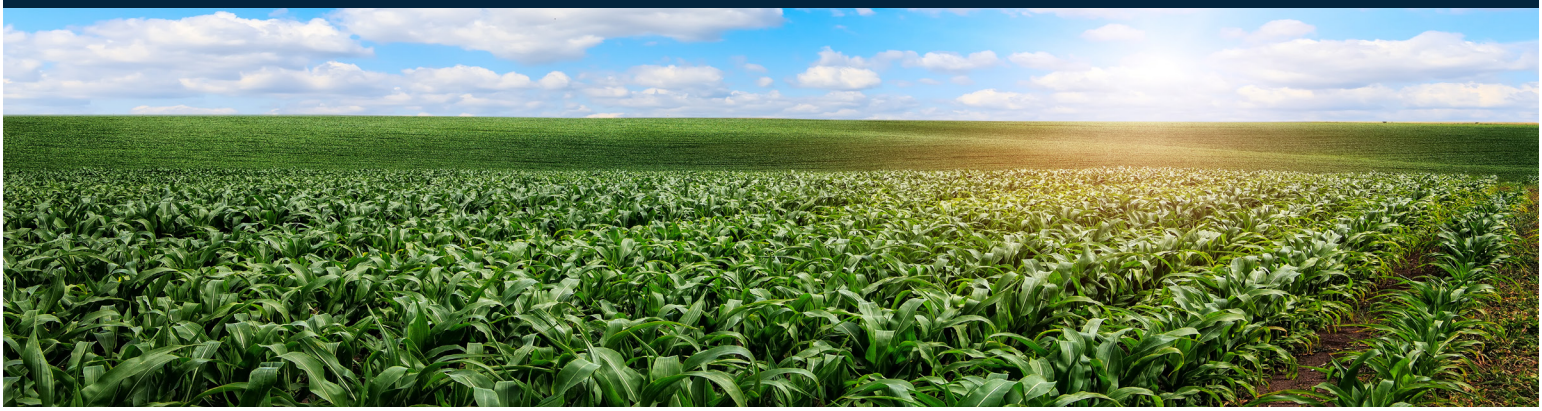

## Common Attribution

Common attribution means crediting payments made to a person or legal entity collectively to one limitation due to a unique or specific relationship between the persons or legal entities. Common attribution applies to

a minor child and a parent or legal guardian and a parent organization over a secondary organization when the parent organization exercises control over the secondary organization.

## Ownership Interest for Direct Attribution

For the purposes of the direct attribution of payments, ownership interest that a person or legal entity holds in a legal entity on June 1 of the current year is used. For program year 2026 only, ownership interest held on September 15, 2026, will be used. Direct attribution of payments is not applicable to cooperative associations of producers. The payments will instead be attributed to the members of the association that produced the commodities marketed by the association on behalf of the members.

## Minor Child Rules

June 1 of the current year is the date a child is considered to be a minor for payment attribution purposes. Payments received both directly and indirectly by a minor child are attributed to the parent or legal guardian.

## Payment Limits

*Person* - Payments made directly or indirectly to a person cannot exceed the annual amounts specified in the table on page 4, or as specified by the program rules.

*Qualified Pass-Through Entities* - Payments made directly or indirectly to a qualified pass-through entity such as a general partnership, cannot exceed, for each payment specified in the table on page 4, the amount determined by multiplying the maximum payment amount specified for a program by the number of persons and legal entities that comprise the ownership of the qualified pass-through entity. Payments to the qualified pass-through entity will be reduced by an amount that represents the direct or indirect ownership in the qualified pass-through entity by any person or legal entity that has reached the maximum limitation.

*Legal Entities* - Payments made directly or indirectly to a legal entity, other than qualified pass-through entities, cannot exceed the annual amounts specified in the table on page 4.

Payments made to a legal entity will be reduced by an amount that represents the direct or indirect ownership in the legal entity by any person or legal entity that has reached the maximum limitation.

## Changes to Farming Operations

Changes to a farming operation resulting in an increase in the number of persons to whom payment limitation applies require the farming operation to also meet "substantive change requirements."

Such requirements include:

- Addition of a family member
- Changing from cash rent to share rent
- 20 percent increase in land used for agricultural production
- Change in ownership by sale or gift of equipment
- Change in ownership by sale or gift of land or livestock

Without a qualifying change, the newly added persons will be determined ineligible for program benefits.

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## Payment Limitations

This table contains the annual payment limitations for a person or legal entity for programs that are subject to the provisions of the 2018 Farm Bill, as amended.

| PROGRAM PAYMENT TYPE | PER PERSON OR LEGAL ENTITY (OR PRODUCER FOR TAP) PER YEAR LIMITATION AMOUNT 2026 AND FUTURE |
|---|---|
| Commodity Programs | |
| Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) – other than peanuts | $155,000[1] |
| Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) – peanuts | $155,000[1] |
| Conservation Programs | |
| Conservation Reserve Program (CRP) – annual rental payment and incentive payment | $50,000 |
| Emergency Conservation Program (ECP) – per disaster event | $500,000 |
| Emergency Forest Restoration Program (EFRP) – per disaster event | $500,000 |
| Conservation Stewardship Program (CSP) | $200,000 |
| Environmental Quality Incentives Program (EQIP) | $450,000 |
| Agricultural Management Assistance (AMA) | $50,000 |
| Disaster Assistance Programs | |
| Livestock Forage Disaster Program (LFP) | $125,000 |
| Noninsured Crop Disaster Assistance Program (NAP) | $125,000/$300,000[2] |
| Tree Assistance Program (TAP) | 1,000 acres[3] |

*[1]Beginning with program year 2025, the annual payment limit for PLC and ARC will be adjusted for inflation. Adjusted payment limit amount will be posted at* ***https://www.fsa.usda.gov/tools/informational/payment-eligibility/payment-limitations****.*

*[2]A separate maximum payment limitation is provided of $125,000 on NAP payments for losses to crops with catastrophic coverage and a $300,000 maximum payment limitation on NAP payments for losses to crops with buy-up coverage.*

*[3]TAP no longer has a dollar limitation; however, there is a per program year acreage limitation of 1,000 acres.*

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