



American Pecan Council FAQs Forms & Assessments

I have 2 entities, one is strictly a farm and the other buys in-shell pecans, has them custom shelled, has the kernels custom processed into a retail product, then I sell the product to stores. Are both of my entities handlers that need to submit an end of year inventory form?

If the farm is a separate legal entity (1st entity) that does nothing more than sell pecans to the other legal entity (2nd entity), the 2nd entity is the handler. The 2nd legal entity is the handler by definition in FMO 986.20 and must report Year-End Inventory Report Form 7.

If my farm grew pecans and they did not sell by August 31, do I need to report these pecans on the Year-End Inventory Report Form 7?

YES. However, no assessment is due until there is a transaction as defined in FMO 986 in the following crop year.

My retail entity buys in-shell pecans and gets them shelled and makes retail products. Sometimes I'm holding kernels that have been roasted but are still in bulk boxes before packing for retail. Which of those four states of the pecan do I need to report inventory for on August 31? Any of them? If this entity buys shelled kernels to make its product instead of buying in-shell pecans to shell, do I report those kernels if I still have them in inventory on August 31?

YES. Report all product in inventory regardless of state of the pecans (inshell, shelled, roasted, etc.)

What is pecans handled throughout the year? My farm exports some pecans directly to customers in China, do I report those on that box? My farm sells pecans to shellers and takes out the assessment so the sheller can remit it, do I report those in that box? Does my retail entity report anything as handled throughout the year?

Anything sold directly as exports or retail, handled by this entity, should be reported in "pecans handled throughout the year". Anything sold to a sheller, the assessment is owed by this handler. Pecans sold to a sheller who then pays assessment, are not part of "pecans handled" by this entity. A farm that is exporting is the handler of those pecans and would report that volume. If they are selling pecans from the farm to a sheller; that sheller counts the pecans as part of their pecans handled throughout the year. Once the grower exports, he/she becomes a handler and must report and pay the assessment on both the exported product and the product going into retail.

I had some questions regarding section titled U.S. Pecans Handled Throughout the Year on Form 7. We purchased inshell pecans from suppliers as the first handler (we owe FMO) and second handler (accumulator owes FMO). Should this section list only the pounds where we owe FMO?

YES. This section is just for the pounds where the reporting entity is the handler paying the assessment.

We purchased inshell pecans from suppliers as the first handler (we owe FMO) and second handler (accumulator owes FMO). Does Form 4 need to be completed for each month for each supplier purchased from?

For Crop Year 2016-2017 you may complete one Form 4 for each supplier. Future crop years, Form 4 is due the 10th of every month for each supplier.

We recently split our growing and shelling operation into two separate legal entities. Entity 1 (grower) and Entity 2 (sheller/handler). Do we need to pay the market order on the pecans that Entity 2 gets from Entity 1, even though it is the same owner for both entities?

Entity 2 is the handler as defined by FMO 986.20. (See question #1)

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On August 31, 2017, does everything in inventory become part of the 2017-2018 Crop Year, for data purposes?

Yes. It is also important to note Aug 31st is the date to report inventory and the cutoff for transfers, it is NOT the end of the crop year.

The last section of the report asks for total US pecans handled throughout the year. There is no way on the report to distinguish between the inshell we purchased as a first handler & would be subject to the assessment vs. the inshell we purchased from a dealer who was the first handler of record & would therefore be responsible for the assessment. The way the report is designed, if I include total inshell handled, the report makes us liable for the full assessment, which is not the case.

This is determined by the information provided on Form 4. Form 4 is for reporting and indicating who pays assessment. In this case, Handler 2 would want to keep a copy of Form 4 as proof that Handler 1 has already paid the assessment on those pecans. If the first handler has already paid the assessment prior to the transfer and indicates on Form 4, the 2nd handler is not responsible to pay the assessment, but they do need to report the tonnage on the Report of Year-End Inventory Form 7.

On Form 4 for all shipments for Crop Year 2016-2017, it seems there is going to be some crossover since it says 2016 crop. We have some 2016 crop that is not paid until 2017, so we need a start and stop date. If I base the 2016 crop on the dates used on Form 7, then that would mean the dates for 2016 on Form 4 would be 9-1-15 to 8-31-16 and the assessment did not start until October 16. Now, I am confused again.

For 2016-2017 Crop Year, Form 7 includes only those pecans handled between October 1, 2016 – August 31, 2017; eleven months. Going forward, the start date will be September 1.

If an entity says they are solely a broker of pecans and do not take possession of pecans at any point, would they be considered a handler?

If they are just coordinating sales for a commission, they are not a handler. If they are purchasing from growers to resell, they would be a handler.

Under FMO 986.86 Exemptions, is the handler exemption based on if they handle 1,000 inshell lbs. per handler in a fiscal year or 1,000 inshell lbs. per transaction, or 1,000 inshell lbs. total of all transactions?

It is the total pounds handled for the crop year.

Do I go back and report on Form 4 all transfers, or would Form 7 suffice for the 2016-17 Crop Year?

Handlers should complete Form 4 if they had transfers. The information will be needed to reconcile with the completed Form 7.

What are the dates for the 2016-2017 Crop Year?

2016-2017 CROP YEAR dates - October 1, 2016 through August 31, 2017

What are the reporting dates for all crop years moving forward from 2016-2017 Crop Year?

The start date will be September 1. Forms 1, 2, 3, 4, 5 & 6 are due no later than the 10th of every month. Form 7 is due one time every year, September 10.

What determines a pecan substandard?

The buyer and seller (i.e. Market) will determine. If the buyer is paying less than the #1 market price range and the seller is accepting of that price, then the handler has determined by the market that it is substandard and assesses it accordingly.

What percentage meat yield qualifies as lower grade?

There are currently no grade standards in the order. There is a classification in the definition of pecans located in FMO 986.29. The handler determines what is substandard. The auditor should expect that the purchase records will align with what was reported substandard (i.e. lower price paid).

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