UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice TB-1273

For: Tobacco State and County Offices

Preparing for FY 2011 TTPP Annual Payments

Approved by: Deputy Administrator, Farm Programs

1 Overview

A Background

The FY 2011 TTPP annual payment cycle is scheduled for processing on **January 14, 2011**. County Offices are **required** to review all FY 2011 CCC-955/CCC-956 payments to ensure that CCC-955/CCC-956 assignments are entered according to established TTPP procedures **before** payment processing.

To assist users during this review, the Unpaid Contracts Report, Payment (Reconciliation) Status Report, and the TTPP Assignment Report are available. The Unpaid Contracts Report will provide users with a complete list of all CCC-955/CCC-956's in "Approved (AP)"or "In-Dispute (DI)" status. The TTPP Assignment Report that is available in the Financial Web Application Data Mart (FWADM), provides a complete list of all TTPP assignments for all years. The Payment (Reconciliation) Status Report provides detailed information for CCC-955/CCC-956 payments, including failure reasons.

B Purpose

This notice provides:

- guidance about payment validation for the 2011 TTPP annual payment cycle
- instructions for using the Unpaid Contracts Report (Pre-Payment Report)
- instructions for the Payment (Reconciliation) Status Report
- guidance about using the TTPP Assignment Report
- guidance about payments subject to the IRS mandated backup tax withholding.

Disposal Date	Distribution
July 1, 2011	Tobacco State Offices; State Offices relay to applicable County Offices

2 Action

A County Office Action

County Offices shall:

- run the TTPP Selection Register Report on **January 10, 2011**, using a date range of last run date of the TTPP Selection Register Report to December 31, 2010, to ensure that all new approved CCC-955/CCC-956's that will receive the first payment under TTPP have been reviewed before FY 2011 annual payments

  Notes: The last run date and the criteria entered are printed on the TTPP Selection Register Report.

  CED, or designee, shall sign and date the TTPP Selection Register Report to certify all FY 2011 payments have been reviewed.

- run the TTPP Selection Register Report on **January 14, 2011**, for the period January 10, 2011 through January 14, 2011, for all "Approved (AP)" and "In-Dispute (DI)"CCC-955/CCC-956's to ensure that all new approved CCC-955/CCC-956's that will receive the first payment under TTPP have been reviewed **before** FY 2011 annual payments

  Note: The last run date and the criteria entered are printed on the TTPP Selection Register Report. CED, or designee, shall sign and date the TTPP Selection Register Report to certify all FY 2011 payments have been reviewed.

- on **January 18, 2011** run the following:

  - Unpaid Contracts Report for "Approved (AP)" CCC-955/CCC-956's to confirm what payments passed to NPS

  - Payment (Reconciliation) Status Report with a date range of January 14, 2011, to January 18, 2011, to identify CCC-955/CCC-956 payments that failed to pass to NPS and take appropriate corrective action.

Before the later of January 18, 2011, and the date the County Office disburses payments, the County Office shall:

- follow internal controls and procedures to reasonably ensure that payments and disbursements are valid and sufficiently supported to prevent improper payments

- become familiar with TTPP automated subsidiary eligibility checks for producer CCC-955/CCC-956's payments

- become familiar with the Unpaid Contracts Report, Payment (Reconciliation) Status Report, and TTPP Assignment Report

2 Action (Continued)

A County Office Action (Continued)

- use the Unpaid Contracts Report to validate all CCC-955/CCC-956's in "Approved (AP)" and "In-Dispute (DI)" statuses

- ensure that all assignments are established at the CCC-955/CCC-956's level

- ensure that all assignees are loaded correctly in SCIMS

- ensure that remaining CCC-955/CCC-956's with invalid BQL's or incorrect TIN's are placed into "In-Dispute (DI)" status

- ensure that all CCC-955/CCC-956's where CCC-971 was **not** processed are placed into "In-Dispute (DI)" status, to exclude CCC-955/CCC-956's where CCC-971 for a family member transfer was **not** filed by November 1, 2010, and are **not** effective until the FY 2012 payment.

County Offices will receive authorization to begin disbursing FY 2011 TTPP annual payments through an Informational Bulletin to be issued the week of **January 18, 2011**.

2 Action (Continued)

B State Office Action

State Offices shall:

- ensure that County Offices follow the provisions of this notice
- contact the appropriate office listed in the following table, if there are questions about this notice.

Issue	Contact
Policies or procedures for TTPP payments.	Kelly Hereth by either of the following: • e-mail to **kelly.hereth@wdc.usda.gov** • telephone at 202-720-0448.

Policies or procedures on making IRS mandated backup tax withholding in NPS.	Contact either of the following:
	• Jackie Pickens by either of the following:
	  • **jackie.pickens@wdc.usda.gov**
	  • 703-305-1310
	• Nancy Chapman by either of the following:
	  • **nancy.chapman@kcc.usda.gov**
	  • 816-926-6971.

Policy or procedures for TTPP IRS backup tax withholding notifications.	Rhonda Anthony by either of the following: • e-mail to **rhonda.anthony@kcc.usda.gov** • telephone at 816-926-6251.
Software-related problems.	Contact the National help desk by telephone at either of the following: • 800-255-2434 • 816-926-1552. **Note:** Select option 3 for hardware and application software.

3 Prepayment Procedures for 2011 Annual Payment Processing

A When to Place CCC-955/CCC-956's Into "In-Dispute (DI)" Status

The following CCC-955/CCC-956's **should** be updated to "In-Dispute (DI)" status **before** 2011 payment processing:

- erroneous CCC-955/CCC-956's payments identified through CCC-770 TTPP process
- CCC-955/CCC-956's that have been paid erroneously in either 2005, 2006, 2007, 2008, 2009, or 2010 that have **not** been corrected because of software limitations

3 Prepayment Procedures for 2011 Annual Payment Processing (Continued)

A When to Place CCC-955/CCC-956's Into "In-Dispute (DI)" Status (Continued)

- CCC-955/CCC-956's filed by November 1, 2010, that have **not** been processed, including CCC-955/CCC-956's filed after November 1, 2010, because of death of the existing CCC-955/CCC-956 holder or dissolved entity

  Note: If the original CCC-955/CCC-956 holder is deceased and a representative of the estate or the surviving spouse has **not** signed CCC-955/CCC-956, place CCC-955/CCC-956 in "In-Dispute (DI)" status.

- CCC-955/CCC-956's that are currently under administrative appeal

- CCC-955/CCC-956's for any producer identified as deceased on the reports posted on the DAFP web site at **http://fsaintranet.sc.egov.usda.gov/dafp/dmf_reports.htm**.

B TTPP Automated Subsidiary Eligibility Checks

During FY 2011 payment processing, TTPP will perform checks using the following criteria for producer CCC-955/CCC-956's.

IF the original CCC-955/CCC-956's was…	**THEN TTPP will…**
paid in full in a prior year (2005, 2006, 2007, 2008, 2009, or 2010)	**not check** any subsidiary flags **except** for the "Controlled Substance Violation" flag on the existing CCC-955/CCC-956 holder or the new CCC-955/CCC-956 holder as a result of CCC-971 transfer. **Note:** CCC-971 resulting producer CCC-955/CCC-956's are **only** checked for "controlled substance violations" **before** payment.
not paid in full in a prior year (2005, 2006, 2007, 2008, 2009, or 2010)	perform a full subsidiary eligibility check on the original CCC-955/CCC-956 holder; however, no checks are made to new CCC-955/CCC-956 holders as a result of CCC-971 transfer. **Note:** If transferring CCC-955/CCC-956 holder was partially paid or **not** eligible for payment at the time of transfer, CCC-971 transfer would have been denied. Partial payments can occur, for example, when 1 of the members of a general partnership has an "Ineligible Subsidiary" flag. The system would have deducted the ineligible member's share of the payment.

4 System Functionality for Reports

A Report Overview

Each reports cover page includes a legend decoding the different abbreviations used in the requested report.

The Unpaid Contracts Report (see subparagraph B) is available through TTPP Reports Menu and will be used as a Pre-Payment Report to validate CCC-971 owners and amounts **before** payment. This report will list all CCC-971 in either "Approved (AP)" or "In-Dispute (DI)" status. County Offices shall print and review this report not later than **January 14, 2011**. If it is run before January 14, 2011, the County Office shall run it again on January 14, 2011, for the period since the last report run date.

The Payment (Reconciliation) Status Report identifies FY 2011 CCC-955/CCC-956 payments that failed to pass to NPS. County Offices shall print and review this report on **January 18, 2011**. Corrective action **must** be taken **before** the payment will pass successfully to NPS. County Offices shall monitor the Payment Status Reports to ensure that corrective action has been taken by the County Office. The Payment (Reconciliation) Status Report is available through the TTPP Reports Menu (see subparagraph C).

The TTPP Assignment Report is available in the FWADM. State and County Offices can access the Assignment Reports through FSA Applications, FSA Data Marts, Hyperion Data Marts, and FWADM reports. County Offices shall print and review this report on **January 10, 2011**, to verify all TTPP assignments for all years are listed and include:

- CCC-955/CCC-956 number
- CCC-955/CCC-956 amount previously assigned in prior years
- projected assignments for FY 2011 through FY 2014.

County Offices shall take corrective action through FSA Financial Services if:

- CCC-955/CCC-956 number is missing or wrong

- the assignment was erroneously established using the FSN instead of CCC-955/CCC-956 number.

Note: CCC-955/CCC-956 status **must** be placed "In Dispute (DI)" if corrective action does **not** take place by **January 14, 2011**.

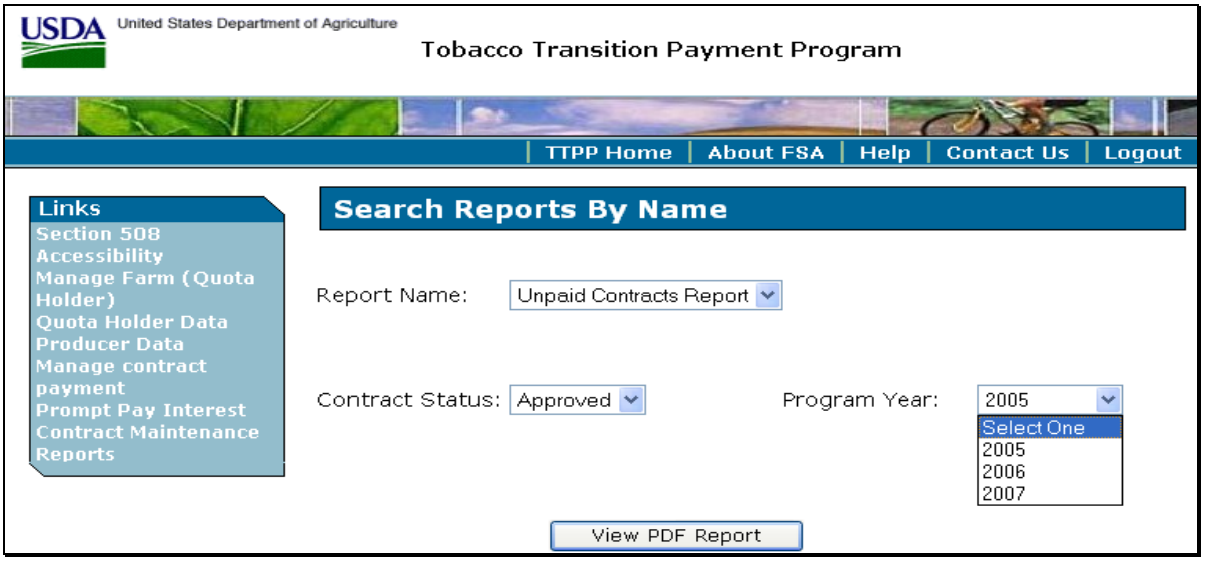
The Payment (Reconciliation) Status Report (see subparagraph C) is available through the TTPP Reports Menu.

4 System Functionality for Reports (Continued)

B Unpaid Contracts Report (Pre-Payment Report)

The Unpaid Contracts Report is available to users through the "Search Reports By Name" TTPP reports link.

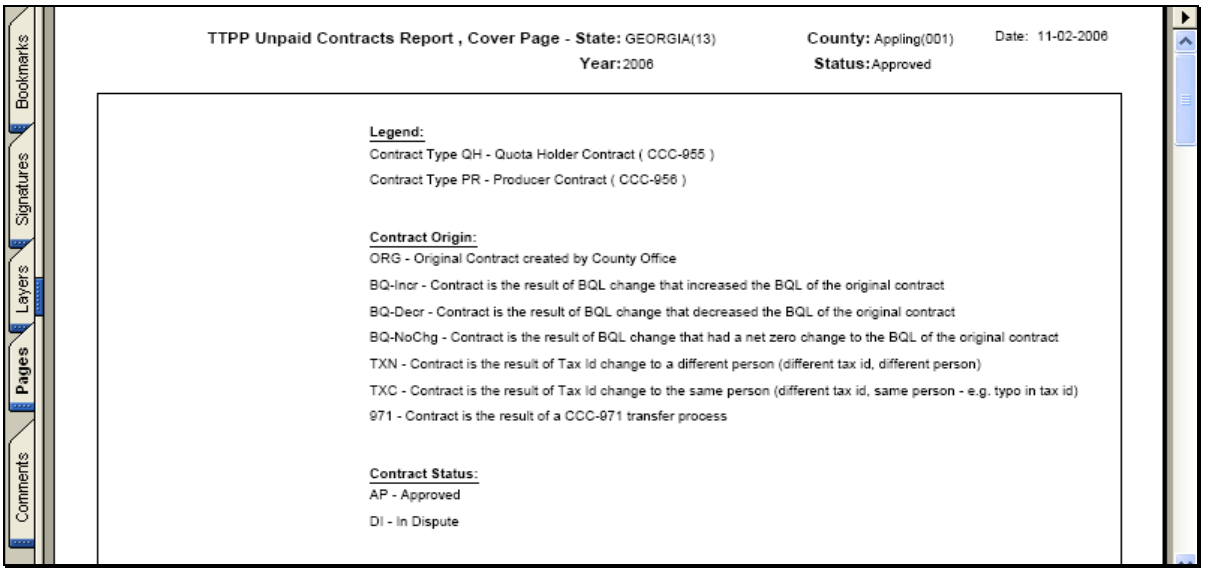
From the "Report Name" drop-down menu, select "**Unpaid Contracts Report**". From the "Contract Status" drop-down menu, select "**Approved (AP)"or "In-Dispute (DI)**". From the "Program Year" drop-down menu, select "**2011**" and CLICK "**View PDF Report**".



4 System Functionality for Reports (Continued)

B Unpaid Contracts Report (Pre-Payment Report) (Continued)

The following is an example of the cover page, with legend, that will be displayed on each TTPP Unpaid Contracts Report request.



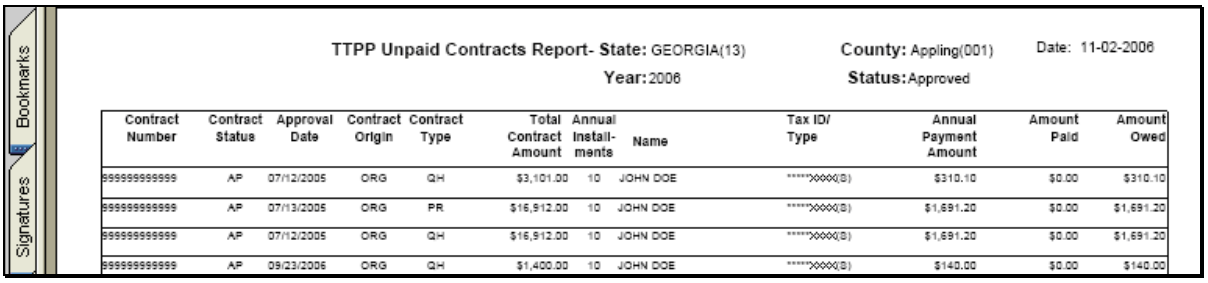
TTPP Unpaid Contracts Report , Cover Page - State: GEORGIA(13) County: Appling(001) Date: 11-02-2006
Year: 2006 Status: Approved

Legend:
Contract Type QH - Quota Holder Contract (CCC-955)
Contract Type PR - Producer Contract (CCC-956)

Contract Origin:
ORG - Original Contract created by County Office
BQ-Incr - Contract is the result of BQL change that increased the BQL of the original contract
BQ-Decr - Contract is the result of BQL change that decreased the BQL of the original contract
BQ-NoChg - Contract is the result of BQL change that had a net zero change to the BQL of the original contract
TXN - Contract is the result of Tax Id change to a different person (different tax id, different person)
TXC - Contract is the result of Tax Id change to the same person (different tax id, same person - e.g. typo in tax id)
971 - Contract is the result of a CCC-971 transfer process

Contract Status:
AP - Approved
DI - In Dispute

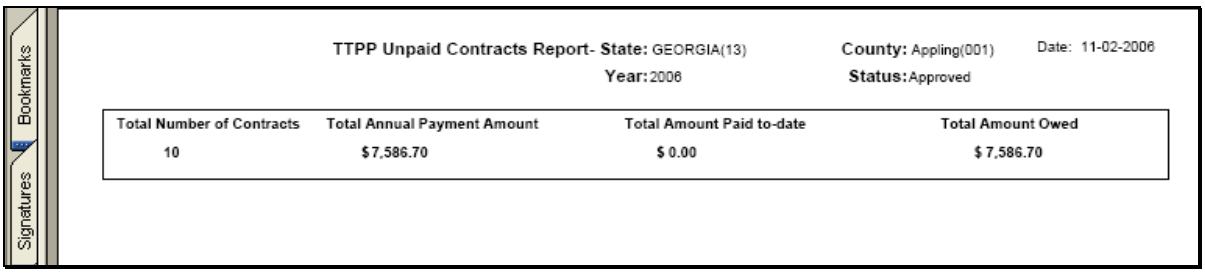
The following is an example of the TTPP Unpaid Contracts Report. The report is sorted by the last 6 digits of contract number, then by crop code.



TTPP Unpaid Contracts Report- State: GEORGIA(13) County: Appling(001) Date: 11-02-2006
Year: 2006 Status: Approved

Contract Number	Contract Status	Approval Date	Contract Origin	Contract Type	Total Contract Amount	Annual Install-ments	Name	Tax ID/ Type	Annual Payment Amount	Amount Paid	Amount Owed
999999999999	AP	07/12/2005	ORG	QH	$3,101.00	10	JOHN DOE	*****>>>>(S)	$310.10	$0.00	$310.10
999999999999	AP	07/13/2005	ORG	PR	$16,912.00	10	JOHN DOE	*****>>>>(S)	$1,691.20	$0.00	$1,691.20
999999999999	AP	07/12/2005	ORG	QH	$16,912.00	10	JOHN DOE	*****>>>>(S)	$1,691.20	$0.00	$1,691.20
999999999999	AP	09/23/2006	ORG	QH	$1,400.00	10	JOHN DOE	*****>>>>(S)	$140.00	$0.00	$140.00

The following is an example of the TTPP Unpaid Contracts Report summary page.



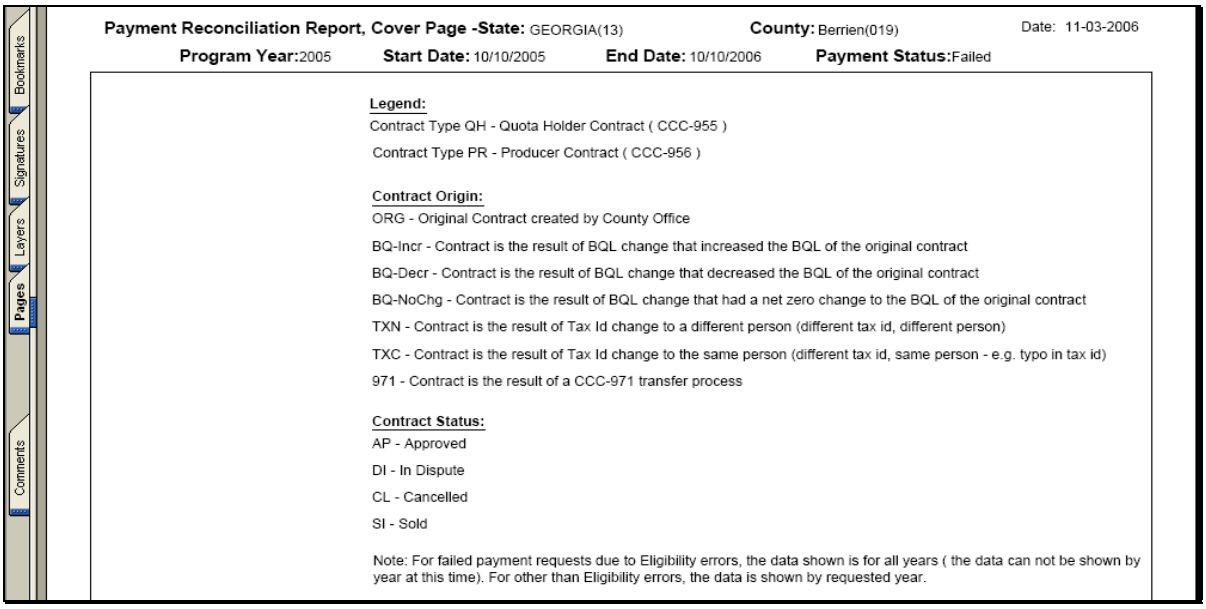
TTPP Unpaid Contracts Report- State: GEORGIA(13) County: Appling(001) Date: 11-02-2006
Year: 2006 Status: Approved

Total Number of Contracts	Total Annual Payment Amount	Total Amount Paid to-date	Total Amount Owed
10	$7,586.70	$ 0.00	$ 7,586.70

4 System Functionality for Reports (Continued)

C Payment (Reconciliation) Status Report

The following is an example of the Payment (Reconciliation) Status Report cover page with legend.



Payment Reconciliation Report, Cover Page -State: GEORGIA(13) **County:** Berrien(019) Date: 11-03-2006

Program Year:2005 **Start Date:** 10/10/2005 **End Date:** 10/10/2006 **Payment Status:**Failed

Legend:

Contract Type QH - Quota Holder Contract (CCC-955)

Contract Type PR - Producer Contract (CCC-956)

Contract Origin:

ORG - Original Contract created by County Office

BQ-Incr - Contract is the result of BQL change that increased the BQL of the original contract

BQ-Decr - Contract is the result of BQL change that decreased the BQL of the original contract

BQ-NoChg - Contract is the result of BQL change that had a net zero change to the BQL of the original contract

TXN - Contract is the result of Tax Id change to a different person (different tax id, different person)

TXC - Contract is the result of Tax Id change to the same person (different tax id, same person - e.g. typo in tax id)

971 - Contract is the result of a CCC-971 transfer process

Contract Status:

AP - Approved

DI - In Dispute

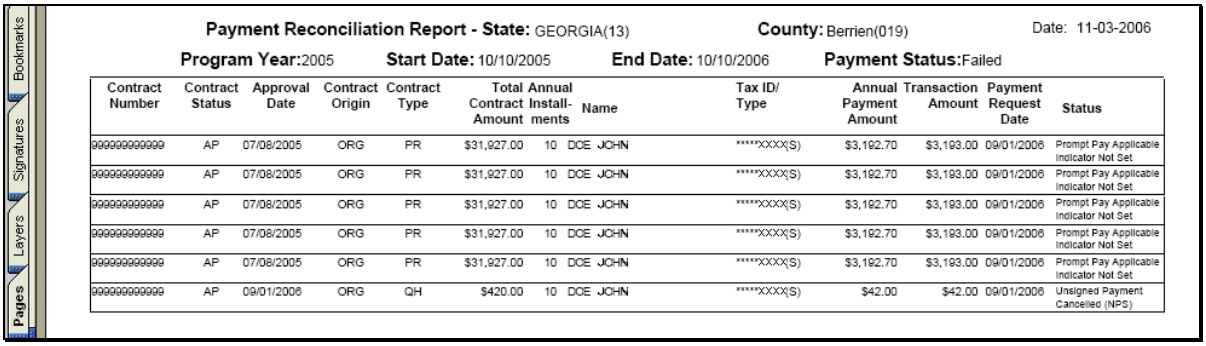
CL - Cancelled

SI - Sold

Note: For failed payment requests due to Eligibility errors, the data shown is for all years (the data can not be shown by year at this time). For other than Eligibility errors, the data is shown by requested year.

The following is an example of the Payment (Reconciliation) Status Report.

Example: In this example, the user selected Approved Contracts that have failed because of an error condition. The report is sorted by the last 6 digits of contract number, then by crop code.



Payment Reconciliation Report - State: GEORGIA(13) **County:** Berrien(019) Date: 11-03-2006

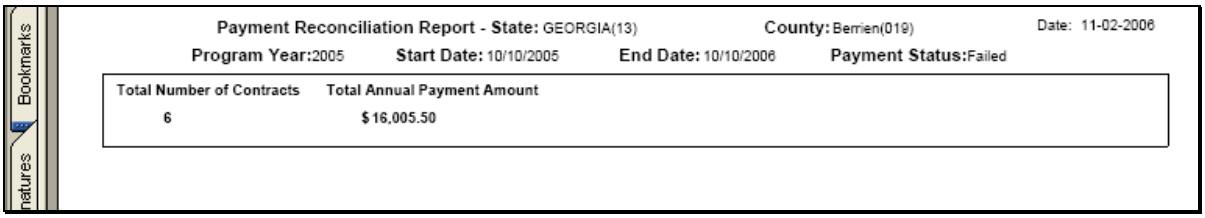
Program Year:2005 **Start Date:** 10/10/2005 **End Date:** 10/10/2006 **Payment Status:**Failed

Contract Number	Contract Status	Approval Date	Contract Origin	Contract Type	Total Contract Amount	Annual Install-ments	Name	Tax ID/ Type	Annual Payment Amount	Transaction Amount	Payment Request Date	Status
999999999999	AP	07/08/2005	ORG	PR	$31,927.00	10	DOE JOHN	*****XXXX(S)	$3,192.70	$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	$31,927.00	10	DOE JOHN	*****XXXX(S)	$3,192.70	$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	$31,927.00	10	DOE JOHN	*****XXXX(S)	$3,192.70	$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	$31,927.00	10	DOE JOHN	*****XXXX(S)	$3,192.70	$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	$31,927.00	10	DOE JOHN	*****XXXX(S)	$3,192.70	$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	09/01/2006	ORG	QH	$420.00	10	DOE JOHN	*****XXXX(S)	$42.00	$42.00	09/01/2006	Unsigned Payment Cancelled (NPS)

4 System Functionality for Reports (Continued)

C Payment (Reconciliation) Status Report (Continued)

The following is an example of the TTPP Payment (Reconciliation) Status Report summary page.



Payment Reconciliation Report - State: GEORGIA(13) County: Berrien(019) Date: 11-02-2006

Program Year: 2005 Start Date: 10/10/2005 End Date: 10/10/2006 Payment Status: Failed

Total Number of Contracts	Total Annual Payment Amount
6	$ 16,005.50

5 TTPP Payments Subject to IRS Backup Tax Withholding

A IRS Backup Tax Withholding Overview

Internal Revenue Code Section 3406(a)(1)(C) mandates a 28 percent backup tax withholding on certain payments to taxpayers identified by the IRS as subject to backup withholding. Payments subject to backup tax withholding are payments reported on IRS Form 1099-INT and/or IRS Form 1099-OID.

FSA will begin withholding 28 percent of the portion of payments currently reported on the IRS Form 1099-INT and/or IRS Form 1099-OID when notified that a taxpayer is subject to the backup tax withholding. Currently, the majority of payments affected by the IRS backup tax withholding are the imputed interest portion of the TTPP payments made to quota holders.

B Kansas City Action

The backup tax withholding process will be implemented by having Kansas City do the following:

- notify County Offices, in writing, of the producer's name and TIN subject to the IRS mandated backup tax withholding
- set the status code to "BW" (backup withholding) on CCC-955/CCC-956's held by the affected producers.

Note: The payments on the affected CCC-955/CCC-956's will be processed on February 1, 2011, but disbursement will **not** occur until after the withholding amount is calculated.

5 TTPP Payments Subject to IRS Backup Tax Withholding (Continued)

C County Office Action

County Offices that are notified in writing by Kansas City of producers subject to the backup tax withholding shall do the following:

- **immediately** set the "Other Agency Debt" flag for the producer in Financial Services, Customer Profile according to Notice FI-3020

- FAX confirmation indicating the "Other Agency Debt" flag has been set for the producer according to Notice FI-3020.

D Processing Payments for TTPP Subject to IRS Backup Withholding Tax

Before any payments are disbursed to producers subject to the IRS backup tax withholding, Kansas City must first calculate the amount of withholding to be offset. Within 2 to 3 workdays after the payments request has been sent to NPS, Kansas City will also send notification to the County Offices by encrypted e-mail identifying the following:

- CCC-955/CCC-956's

- associated TIN's

- the amount of the backup tax withholding based on the imputed interest of the TTPP payments.

Note: The encrypted e-mail will have the subject line "**TTPP Backup Withholding Payment**".

County Offices can process payments from the manual worklist for the affected producers **after** receiving notification of the calculated amount to withhold and entering the amount to withhold according to 1-FI, subparagraph 138 H using the County Office name and address as the payee in order for the check of the withholding amount to be mailed to the County Office for deposit.

5 TTPP Payments Subject to IRS Backup Tax Withholding (Continued)

E Summary of County Office Actions for Backup Withholdings

County Offices shall follow Notice FI-3020 to:

- establish the “Other Agency Debt” flag
- enter the calculated withholding amount and payee information
- record backup tax withholdings in NRRS
- discontinue backup tax withholding
- report to Kansas City the:
    - “Other Agency Debt” flag being set
    - backup tax withholdings of CCC payments being deposited
    - removal of the “Other Agency Debt” flag **after** Kansas City verifies collection of backup tax withholdings is no longer required for the producer.